

MAR 11 1927

WM. B. STANBRO
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IN THE
Supreme Court of the United States,

OCTOBER TERM, 1926.

No. 249.

BEECH-NUT PACKING COMPANY,
Petitioner,

VS.

P. LORILLARD COMPANY,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT
COURT OF APPEALS FOR THE THIRD CIRCUIT.

BRIEF FOR RESPONDENT.

JOHN W. DAVIS,
WILLIAM R. PERKINS,
JOHN MILTON,
Attorneys for the Respondent.

BEECHNUT



CHEWING AND SMOKING
TOBACCO

SUPERIOR QUALITY HAVANA CUTTINGS AND
HIGH GRADE SEED LEAF

HARRY WEISSINGER TOBACCO CO.

INCORPORATED
LOUISVILLE, KY.



NOT MADE BY A TRUST

BAGLEY'S

HAZEL NUT



SMOKING OR CHEWING

HAZEL NUT

HAZEL

NUT

HAZEL NUT



Beech-Nut
**CLOVE
DROPS**



ADDED COLOR
BEECH-NUT PACKING CO. CANAJOHARIE, N.Y. U.S.A.

Beech-Nut
**CLOVE
DROPS**



NET WEIGHT 1 1/8 OZS. OR 31.8 GRAMS
REG. U.S. PAT. OFF.



Beech-Nut
**ORANGE
DROPS**



BEECH-NUT PACKING CO. CANAJOHARIE, N.Y. U.S.A.

Beech-Nut
**CINNAMON
DROPS**



ADDED COLOR
BEECH-NUT PACKING CO. CANAJOHARIE, N.Y. U.S.A.

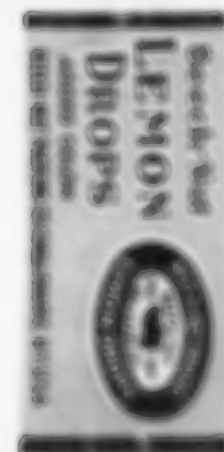


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P. LORILLARD COMPANY,
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No. 249.

BRIEF FOR RESPONDENT.

Opinions Below.

This case is here on Certiorari directed to the Circuit Court of Appeals for the Third Circuit, whose opinion rendered September 11, 1925, (V, p. 2694) is reported in 7 Fed. (2nd) 967.

The case came to the Circuit Court of Appeals on appeal from the Decree of Judge Lynch of the District Court of the United States, District of New Jersey, entered June 17, 1924, (V, p. 2676), pursuant to an opinion rendered May 7, 1924, (V, p. 2645) reported in 299 Fed. 834.

Both the Circuit Court of Appeals and the District Court decided in favor of respondent, dismissing Petitioner's bill on the merits.

Statement of the Case.

The Use of Beech-Nut by Petitioner.

In 1891 Imperial Packing Company, a New York Corporation, commenced in a small way packing and selling hams and

bacons. After using the name "Imperial" as a mark for a short time, it commenced using the name "Beech-Nut". In 1899 the petitioner was organized under the laws of New York and succeeded to all the assets, trade-marks, business and goodwill of Imperial Packing Company. Records prior to 1903 were destroyed by fire but since that time records of the petitioner show a gradual expansion in its line of food products from year to year. A summary of its products showing the yearly additions to the line appears at Vol. VI, page 2784 of the record.

From time to time it registered the name Beech-Nut as a trade-mark for food products. The most comprehensive registration is the one asserted in this suit and was made December 31, 1912. It lists all the products put out by the petitioner at that time including chewing gum and after enumerating them closes by saying "all in Class 46, foods and ingredients of foods" (I, p. 21). An illustrative trade-mark typical of the petitioner's device is its bacon trade-mark appearing at page 2878 of Vol. VI of the record. A photograph of all of its labels appears at page 2777 of Vol VI.

It is to be noted that the mark is in the form of an oval with a border or annular band in red (it is so described in the registration, I. p. 21, and by petitioner's witness Barbour, I, p. 790, and in its letter, VI, p. 2888, making no mention of a blue mark or outline) across the upper section of which are printed the words "Beech-Nut Brand" in white letters. In the center is a single Beech-Nut embedded in three leaves pointing upwards and on each side in the border there is likewise a single Beech-Nut pointing upward embedded in the three leaves. The colored border frequently is outlined in gold. Other familiar Beech-Nut labels are reproduced at pages 2872 and 2876 of Vol. VI.

The business of the petitioner grew fairly steadily from a volume of sales in 1903 amounting to \$563,764.37 to \$12,109,573.68 in 1921. Chewing gum, which in 1921 contributed about half the total money value of petitioner's

output, was introduced in 1911. It grew steadily in value, reaching the point of \$3,594,864.53 in 1917, falling off during the war years on account of the difficulty in obtaining chicle (I, p. 869), and after regaining the lost ground reached \$3,955,902.00 in 1920, and rose in 1921 to \$6,281,945.41 (I, p. 868). The progressive growth in petitioner's business is summarized in a table of sales statistics appearing on page 868 of Vol. I. Between 1915, when respondent introduced its Beechnut scrap tobacco, and 1921, when this suit was brought, petitioner's business doubled.

The Use of Beech-Nut For Tobacco Products.

The tobacco business is one of the largest and most distinctive American industries, comparable in these respects to the textile, packing, oil, coal and steel industries. For 1922 the crop of leaf tobacco in the United States alone was sold by the farmers for over \$300,000,000 (V, p. 2632). The success of a tobacco product depends upon blending leaf tobacco to meet the taste of the consumer, an intricate and delicate operation, requiring years of experience and the utmost care in preparation. The result has been to develop a great variety of types and blends of cigars, cigarettes, chewing and smoking tobacco and snuff, making this a highly specialized industry.

In 1922, there were in the United States 10,291 concerns engaged in manufacturing tobacco having an output of the value of more than \$1,000,000,000 (V, p. 2632). The larger concerns are officered by men who have devoted their lives to the tobacco business and who are experts in all its delicate operations.

Scrap tobacco started as a distinct tobacco product in the nineties, and had its origin in finding a way to dispose of "cigar clippings" or "scrap". Today the scrap business is so important that cigar clippings are entirely inadequate and large quantities of leaf are bought and used for this type of tobacco alone (V, pp. 2567-70, 2583). The use of the word

scrap consequently is not to be taken as a designation of an inferior tobacco product, for the finest kind of leaf is used in making it, and cigar clippings from expensive varieties of cigars are used in it (V, p. 2574).

Scrap tobacco was first sold in Ohio, in the early nineties, and gradually spread through the Middle Western States to West Virginia, Pennsylvania and New York. While these States remain the big scrap territory, it is sold extensively in all sections of the United States. From the beginning it has been put up almost universally in a package like the respondent's Beech-Nut package, which will be shown the Court upon the argument. Its individuality of shape and appearance have created a standard which makes the scrap tobacco package recognizable wherever it is seen. Among the earlier brands still selling today are the familiar Polar Bear and Mail Pouch.

In 1897 the Harry Weissinger Tobacco Company, a concern then carrying on a considerable business in Louisville, brought out a scrap tobacco which it called "Beechnut Chewing and Smoking Tobacco". The mark was registered in 1898 with Connerton's Bureau of Registration for Tobacco Brands as follows: "Beech Nut granulated, Harry Weissinger Tob. Co., Louisville, Ky." (IV, p. 2252). A reproduction of its package appears at page 2981 of Vol. VI. Figures prior to 1904 are not available as to the extent of the sales of this Beech Nut tobacco but the brand had an extensive sale (IV, pp. 2270-2301). On October 29, 1903, by an assignment, the Weissinger Tobacco Company sold and transferred its entire assets including the brand "Beech Nut" to Continental Tobacco Company, a New Jersey Corporation. This Company in turn by an assignment dated December 17, 1903, sold and transferred certain assets including the Beech Nut mark to Luhrman & Wilbern Tobacco Company, another New Jersey Corporation. In October, 1904, Continental Tobacco Company was merged under the laws of New Jersey in the American Tobacco Company. An illustration of the

"Beechnut" label as used by Luhrman & Wilbern appears at page 2971 of Vol. VI.

When the decree was entered in November, 1911, dissolving the American Tobacco Company pursuant to the decision of this Court, 221 U. S. 106, the respondent corporation was formed and there was transferred to it under the terms of the decree all the shares capital of the then existing P. Lorillard Company and of Luhrman & Wilbern Tobacco Company, together with the trade-marks set out in a list of brands delivered at the time of the transfer. Among such brands was the trade-mark "Beech Nut" (VI, pp. 2942, 2945, 2956).

The name Lorillard had been connected prominently with the tobacco industry from 1760 when Pierre Lorillard opened his tobacco factory in what is now Bronx Park, New York. Since that time tobacco products of all kinds have been sold under this name throughout the country and during this period neither the respondent nor any of its predecessors has ever made or sold anything but tobacco products (V, p. 2624). Respondent has uniformly featured the name Lorillard in its advertising and on its package, the only exceptions being in the case of active brands obtained by transfer under the 1911 decree, such as "Honest Scrap", "Polar Bear", "Union Leader", "Murad", "Helmar" and "Deities". On these brands no change was made in the label because of the risk involved in leading the customer to believe that the blend has been changed whenever the package has been altered (V, p. 2578). Respondent now is, and since its organization in 1911 has been, one of the largest tobacco manufacturers in the United States, having in 1919 an aggregate retail money value for its output of over \$80,000,000 (IV, p. 2261). It has over twenty plants and employs about 10,000 people. It has spent in advertising its name and business from 1911 through 1922, the enormous sum of \$49,058,936.51 (V, p. 2573).

Undoubtedly the foregoing shows, as the testimony of nearly every witness confirms, that the name "Lorillard"

possessed a wide and splendid reputation in the tobacco business of the United States and therefore it is not surprising that Petitioner in a letter to Respondent dated September 30, 1915, acknowledged "that the name Lorillard carries with it a vast amount of good will and unquestionably a guarantee of excellence." (See Appendix B, p. 117.)

Due to the change in tastes of consumers, which vary from time to time for reasons which the ablest men in the industry are unable to explain, tobacco brands rise and fall just as styles come and go in other articles. For example, the scrap tobacco Polar Bear, rose from 4,260,000 pounds in 1902 to 6,819,000 pounds in 1906, and declined to 2,813,000 pounds in 1910. Honest Scrap rose from 1,316,242 pounds in 1906 to 18,527,034 pounds in 1910, and declined to 13,512,000 in 1914 (V, p. 2567). The old Beechnut had sold at 10,775 pounds in 1904, declined to 3,600 pounds in 1906, and to 25 pounds in 1910.

The decline in Honest Scrap prompted the officers of the respondent to develop a new blend and after investigation, Mr. Ball, Vice-President, reported in 1914 that the sweeter blends were growing in favor. Upon his recommendation a new formula was worked out which produced a sweeter blend (V, p. 2557). In selecting a name for the new formula, Mr. Ball referred to the list of brands which had come to the respondent under the dissolution decree. He had been accustomed from time to time to refer to that list and to draw from it brands for use on the respondent's tobacco products. In this way he had selected Comet, Pioneer, and Yacht Club. On this list under the heading Luhrman & Wilbern, there were seven tobacco brands, six of which were actively selling in 1914, the seventh, Beechnut, having been dormant since the decline in popularity heretofore mentioned (VI, p. 2945; V, pp. 2558-9, 2575).

While this brand was then dormant in the sense that no sales actually had been made since 1910, labels and other necessary material were on hand and respondent had been at all times ready and willing to fill any orders received for

it. Mr. Ball accordingly sent for one of the Beech-Nut packages and upon examination decided that the dress of the package was out of date; that it had too much reading matter on it and that it was objectionable in its use of the picture of the squirrel because there was at the time a well-known brand of tobacco known as "Hazel Nut" actively selling on the market, which prominently displayed the picture of a squirrel (V, p. 2560; VI, p. 2960). It was decided, however, to use the Beech-Nut name and a lithographer was directed to revamp the package. The result was the adoption of the sun-burst package, a sample of which appears in the front of this brief, and photographs of which appear at page 2870 of Vol. VI.

It is to be noted that the most prominent feature of the package consists of the radiating red lines emanating from the center, a most distinctive device admittedly never used by petitioner and which has given the package its name "Sun-Burst". Prominently displayed at the top of the package is the name "Lorillard's". No solid color border such as appears in all the petitioner's labels occurs on the respondent's package. The Beech-Nut letters are printed in blue on a natural paper background, whereas the petitioner's name always appears across the top of the oval as "Beech-Nut Brand" in white letters against a red or colored background. On one side of the package in the oval the words "Established 1760" appear and on the other side "Middletown, Ohio", the respondent's chief factory is printed in prominent lettering. On each side appears in bold type the words "Chewing Tobacco". The beech-nuts appearing in the center of the mark are in the form of a pair of beech-nuts pointing downwards and are not surrounded by any leaves. It was explained that these twin beech-nuts were drawn from some picked up by the respondent's President, Mr. Maloney, on his New Jersey farm (V, pp. 2560, 2636).

Ovals, like stars and other devices, have for years been used upon packages of all kinds, including tobaccos, such a use having been made by Respondent and its predecessors on

"Bagpipe", another scrap brand. It is also a custom of long standing to use conjointly with a mark the object of which it is the name; such a use having been made by Respondent in the case of "Comet", "Open Book", "Red Cross", "Stag". And the use of the hyphen in the "Beech-Nut" was too insignificant a detail to mislead anybody. See the very pertinent case of *Postum Cereal Co. v. American Co.* (C. C. A. 7th), 119 Fed. 848, 852-3.

The tobacco under this brand was offered to the market early in 1915 and met with great success, its sales being 7,364,214 pounds in 1915, 16,284,786 in 1916 and so on steadily to 27,602,606 in 1919 (VI, pp. 2968, 2970).

The total annual scrap business of the country is in the vicinity of 60,000,000 pounds, and in 1921, when this suit was brought, the respondent's Beech-Nut covered about fifty-per cent. of the business (V, p. 2635). The respondent's sales in 1919 of this brand alone had a retail value of \$14,650,865.23 as compared with the petitioner's total sales for that year of all its products of \$8,979,586.35. This is striking in view of the fact that the respondent's package has always been sold for 10¢. This success is directly attributable to the intelligent way in which the consumers' taste had been ascertained and met and to the very hard, systematic and expensive work by way of advertising and sampling which was done to introduce and push the brand. By the end of 1921, the respondent had expended in manufacturing and selling Beech-Nut scrap a total of \$64,691,954.61 (V, pp. 2570-2572).

Petitioner's First Protest in Regard to the Beech-Nut Mark.

On June 11, 1915, the petitioner, by letter addressed to the respondent, first asserted an objection to the form of package under which the scrap tobacco was being introduced. This letter appears at page 2888 of Vol. VI, and the ensuing correspondence is set forth in the pages immediately following. For the Court's convenience all of this correspondence, arranged in chronological order, is printed as Appendix

B, p. 104 of this brief. The correspondence continued through the summer of 1915 and terminated substantially in a very full letter from the respondent to the petitioner dated September 15, 1915 (VI, p. 2897). In this letter the respondent set forth the early use of the Beech-Nut name by its predecessors commencing with the Weissinger Tobacco Company at Louisville in 1897. It explained in detail how the brands had come to it under the dissolution decree and it enclosed price lists and samples relating to the early use of the name. It then stated the legal doctrine on which it relied to support its right to use the name Beech-Nut on tobacco without violating petitioner's right to use the name on foods, referring to decided cases, and to *Nims on Unfair Competition*. It disclaimed any intention to make use of the Beech-Nut Packing Company's reputation to further the sale of its tobacco and pointed to the care it had exercised in selecting a label which would not be imitative of the petitioner's mark. It expressly invited the petitioner to inform it of any cases of representations made by its salesmen to the effect that Beech-Nut scrap was a product of the Packing Company and volunteered promptly to discharge any salesmen making such representation.

To this very full letter the petitioner sent an acknowledgment dated September 20, 1915, in which it said that it desired to review the matter before giving a definite reply. No further action of any sort followed *for a period of four years*, although during that time the respondent's business on this brand grew to the point where it commanded almost 50% of the scrap tobacco business of the country, and had a retail sales value almost twice that of all the petitioner's products combined, and during the same time the petitioner's business itself had doubled.

Introduction of Beech-Nut Cigarettes.

Prior to 1919, the respondent's cigarette business had consisted almost entirely of pure Turkish cigarettes in box packages selling at 10 for 25¢ or more. The great volume of

cigarettes generally in use were blended mixtures of Turkish, bright domestic and Burley tobaccos, such as Camels, Lucky Strikes and Chesterfields, and were selling in "cup" packages as a rule at 20 for 20¢. As the end of the war promised to bring a lessened cost of materials respondent conceived the idea of offering a blended cigarette in a "cup" package to sell at 20 cigarettes for 15¢, and because of its success with the scrap tobacco it decided to offer its cigarettes under the Beech-Nut name. In this particular it was following the successful experience of the American Tobacco Company in promoting Lucky Strike cigarettes after Lucky Strike smoking tobacco (V., pp. 2592-94).

This came to the notice of the Petitioner and it volunteered the suggestion that the "sun-burst" design of the scrap package be adopted for the cigarette package, but examination showed that there was danger of a conflict with the sun-ray design of Sweet Caporal cigarettes then being sold by the American Tobacco Company, and there was some danger that the design may have been anticipated by "Zubelda". Accordingly, the twin Beech-Nuts and the oval were taken from the scrap package and a wrapper prepared and used on the cigarettes which is illustrated at page 2708 of Vol. VI. The prominent position of the name "P. Lorillard Co." is noteworthy. The use of the oval was, of course, a familiar design on cigarette packages, for instance on "Twelfth Nights". The solid red background was adopted because of the success of other cigarettes employing solid backgrounds such as the buff of Camels and Fatimas, the blue of Omars, the green of Lucky Strikes and Lord Salisbury and the white of Piedmonts and Chesterfields. Furthermore, red was the predominant color on the scrap tobacco and had already been used by the respondent on its "London Life" and "Windsor Castle" cigarettes (V, pp. 2594, 2604).

An early sample wrapper first submitted for the cigarette package carried the catch-phrase "Cigarettes of Beech-Nut quality have never before been offered to the public" (VI, p.

2973). Upon the petitioner's objection, this catch-phrase was changed to read "Beech-Nut cigarettes 'mildest of all' perfect quality, delicious taste, P. Lorillard, Established 1760", and only cigarettes bearing the later catch-phrase were marketed (V, p. 2620). The petitioner's objection had been to the close proximity of the words "quality" and "Beech-Nut" in the first suggested catch-phrase. The package was wrapped in glassine paper as was true of many other cigarettes in the competing brands.

On both the front and back of the distinctive cigarette package appears the name "P. Lorillard Co." These packages are sold ten in a carton, on each of which cartons is printed the name "Lorillard". Each carton contained a yellow and a white card for display on the counter in advertising these cigarettes which stated the cigarettes were "Lorillard's". And all other advertisements, whether in windows, billboards, newspapers or periodicals, plainly carried the name "P. Lorillard Co."

While preparations were commenced in 1919 for the introduction of Beech-Nut cigarettes, it was not until 1921 that the respondent was in a position to introduce them to the market. They were actively pushed, at first well received, and sold very satisfactorily. But the older and better-known brands, in part due to the deflation in 1921, soon engaged in a price war which resulted in the reduction by them to 15¢ for 20, and frequently two packages for a quarter. Beech-Nut was no match for these brands in a competitive situation of this bitterness, the old brands were able to command the situation, and by lack of volume it was unable to force its price below 15¢. The result was, in the language of the respondent's Vice-President in charge of cigarettes, "It just took the living life out of Beech-Nut" (V, p. 2602).

Petitioner's Cigarette Experiment.

In the spring of 1919, when the respondent was commencing its preparations for marketing a Beech-Nut cigarette, one of its sample labels came to the attention of the petitioner.

Thereupon the petitioner ordered from the American Tobacco Company 2,060 cigarettes and shipped some of them to one of its Vice-Presidents, some to its counsel and some to the New Jersey Tobacco Company, a jobber, all at a cost of \$11.85 (I, p. 791). These cigarettes were packed in plain white boxes with black printing thereon. The label which appears in Vol. VI. at page 2999, and which conforms to the usual Beech-Nut food product label was never used on these cigarettes (IV, p. 2169).

Hearing of these shipments, the respondent wrote the petitioner on June 28, 1919 (VI, p. 2902) asserting its ownership of Beech-Nut for tobacco products and demanding that the petitioner cease using it on cigarettes. An interview followed and correspondence ensued running into October, which is set out on pages 2904 and following, of Vol. VI and Appendix B herein. The correspondence related to proposed changes in the wrapper for the Beech-Nut cigarette package put out by the respondent, and terminated in a letter from the respondent to the petitioner dated October 15, 1919, in which the respondent stood firmly on its position that it was entitled to use the name Beech-Nut for all tobacco products (VI, p. 2922).

It is important to note, however, that the petitioner made no objection whatever to the use of Beech-Nut on the scrap tobacco, confining its objections to the color and lettering of the proposed cigarette package (IV, p. 2173 and VI, p. 2922). In a letter dated August 7, 1919, the petitioner wrote the respondent stating that its Executive Committee had made the suggestion that "In view of the splendid success of your Beech-Nut Scrap Tobacco, would it not be worth while to simulate your Beech-Nut Scrap Tobacco in a wrapping for your cigarettes; in other words, use for your cigarettes a form of label which will immediately apprise the prospective purchaser that the cigarettes are made by the same company making the popular Beech-Nut tobacco, and tie up the advantage and publicity you have already gained from the merchandising of that prod-

uct" (VI, p. 2912). Again in a letter dated October 8, 1919, the petitioner wrote: "Briefly stated our position is this—that regardless of the trade-name or mark Beech-Nut, your Company adopted our oval trade-mark and our general color scheme and other embellishments for your cigarette package and this your Company had no right to do regardless of any rights that you may have had in so far as the name Beech-Nut is concerned" (VI, p. 2920). It thus appears from this correspondence that petitioner definitely acquiesced in the respondent's use of Beech-Nut for scrap tobacco and in fact encouraged the respondent to adopt the scrap tobacco marking for its cigarettes.

The Patent Office Proceeding.

During the progress of the 1919 correspondence, the petitioner applied for the registration of Beech-Nut for cigarettes under the Trade-mark Act in the Patent Office. The respondent opposed the application, and the entire record of the proceeding, together with the decisions has been made a part of the record here, and is printed in Vol. IV (the opinions are in Vol. VI, pp. 2821, 2830). The issues presented were in a large measure the same as those here involved. The first hearing was before the Examiner of Interferences who held that respondent had a right to adopt and use the mark even as late as 1915 for tobacco products, notwithstanding the petitioner's use of the mark for food products, because the products were not of the same descriptive properties. He therefore held that the petitioner's application for registration should be denied (VI, p. 2821). The petitioner appealed to the Commissioner of Patents who affirmed the ruling of the Examiner and refused registration. From this decision no further appeal was taken (VI, p. 2830).

Thereupon, the present suit was instituted in May, 1921 charging trade-mark infringement and unfair competition. Voluminous testimony was taken in all parts of the country, very full argument was had before the District Court, elaborate briefs submitted, and after careful consideration, the

District Judge held that the respondent was entitled to the use of the mark, that no unfair competition had been practised and that the respondent owned and could continue to use Beech-Nut for its tobacco products. Accordingly, the bill of complaint was dismissed. 299 Fed. 834. (V, p. 2645.)

On appeal to the Third Circuit Court of Appeals, that Court affirmed the decree below, Judge Davis rendering a comprehensive opinion (N, p. 2694), 7 Fed. (2nd) 967.

The Evidence in the Record.

The evidence introduced to establish the petitioner's case will be reviewed under the various subdivisions under which it naturally falls. The major portion of it was devoted to an attempt to establish that there had been wide-spread confusion in the public mind as a result of which many consumers thought that the respondent's tobacco was made by the petitioner. To this end there were introduced four window displays in which advertising matter of both petitioner and respondent was alleged to have been set up in a confusing manner; seven cases of alleged misrepresentation by salesmen of the respondent; the testimony of sixteen of petitioner's salesmen, of a considerable number of dealers, and witnesses drawn from the general public. There were also introduced certain missent letters, which had come to the petitioner and which were inquiries relating to tobacco products. These different types of evidence will be considered in order.

Four Window Displays.

Four retail merchants in widely separated cities in dressing their respective store windows, included at the same time either packages or advertisements of both petitioner and respondent, along with other products. Three of them, Coughlin of West Haven, Conn. (III, p. 2090); Bieringer of Boston, Mass. (II, p. 911) and Pennell of Ashville, N. C.

(I, p. 712) were examined. The fourth, a grocer of Baltimore was not examined. In each instance the witness testified that the display was placed in his window without any suggestion, knowledge or participation by the respondent, and each retailer knew at the time of the difference of manufacture, and thought that the public likewise knew. The packages and advertisements of the respondent appearing in the windows plainly carried its corporate name.

Two photographs were put in evidence by the petitioner, one of the West Haven, Connecticut window (VI, p. 2710) and the other the Ashville, N. C. window (VI, p. 2762). When examined, these photographic exhibits do not show clearly the name P. Lorillard Co. as it appeared in black letters on the red background, but the name did appear on the placard reproductions of the packages with lettering in the same proportions as occurred on the package itself, and the name appears so plainly that both Pennell and Coughlin testified that it could be read from the street. Counsel for the petitioner explained the deceptive character of the photographs by saying that an improper camera had been used which would not show black lettering on red backgrounds. These photographs therefore must be considered with this defect in mind.

*The Seven Alleged Cases of Misrepresentation by
Respondent's Salesmen.*

In considering the seven alleged cases of misrepresentation by salesmen of respondent it will be recalled that in one of petitioner's letters in the 1915 correspondence, the petitioner said that it knew that salesmen and agents of respondents deliberately pushed respondent's goods under petitioner's mark and name. To this the respondent replied that it would promptly discharge any salesman guilty of such representation. At the time of the correspondence not a single instance was cited of such misrepresentation, and in the elaborate preparation of testimony in this case only

seven such instances out of the tremendous volume of sales made by the respondent were introduced. Each of these seven instances was investigated to the bottom by the respondent and this investigation disclosed very clearly that not only was there no misrepresentation by any representative of the respondent but that on the contrary the facts strongly suggested that a representative of the petitioner practiced the alleged deceit in order to secure evidence in this case. The full import of this will be apparent upon an examination in detail of a few of the instances.

Case of William T. Hill.

Hill is a retail grocer handling tobacco products as well, in the small town of West Greenville, S. C. He testified on direct-examination by counsel for the petitioner that "a special man" called on him in November, 1921, offered to sell him Beech-Nut tobacco, which he did not buy, and that the man thereupon went on to ask him "how the Beech-Nut stuff sold, such as peanut butter, gum and so on." Hill thereupon asked the salesman if the Beech-Nut Company was putting out tobacco, and, "he talked on and I don't know I got any direct answer," but Hill was left under the impression that the petitioner was putting out tobacco (I, p. 724). Counsel for the petitioner did not inquire as to the name or description of this "special man" or identify him in any way. On cross-examination, the witness said that the man had not said he represented the Beech-Nut Packing Company, that the witness had bought no tobacco from him and that the witness had never had in stock either Beech-Nut cigarettes or Beech-Nut scrap tobacco. Hill further testified "later on someone came and asked me about the man coming here trying to sell Beech-Nut tobacco and that was the first I knew of it. I reckon it was around the latter part or the first of December they came in. That was the first I heard anything about it being wrong" (I, p. 725). The someone who came was the petitioner's repre-

sentative, and his visit resulted in the taking of Hill's testimony. Obviously, petitioner's representative would never have come to Hill unless the man who had tried to sell Beech-Nut tobacco likewise had come from the petitioner. The respondent went into West Greenville and took the testimony of other dealers in a further effort to get at the bottom of this incident. This investigation showed these dealers knew the tobaccos were Lorillard products and that Hills' case stood absolutely alone in that town (III, pp. 1863; 1865).

Case of Robert L. Bowen.

Bowen is a retail grocer also handling tobacco, in Spartanburg, S. C. On direct-examination by counsel for the petitioner he testified that in November, 1921 "a man came in and held it (a package of Beech-Nut cigarettes) up just like you (Counsel for petitioner), only not so far away" and the man said "I see you handle Beech-Nut peanut butter and I want to sell you some Beech-Nut cigarettes"; that witness refused to buy but said to the man, "It's funny that the Beech-Nut Packing Company is putting up cigarettes" to which the man said "yes" and went on out of the door (I, p. 744). Again, counsel for the petitioner did not endeavor to identify by name or description the man who interviewed the witness.

Counsel for the respondent on cross-examination brought out that the interviewer had not said that he was from the Beech-Nut Packing Company, although he made the witness think that he was selling cigarettes put up by them, and that when he went away the witness was under that impression. He left no credentials or card, and the witness had never seen him thereafter (I, pp. 748-9). Again representatives of the petitioner came along in about a month, made inquiries of Bowen, and later took his deposition (I, p. 745). Again in the process of investigation counsel for the respond-

ent examined every other dealer in Spartanburg with the result that Bowen's case likewise stood absolutely alone (III, pp. 1846, 1848).

The Case of William C. Weigel.

Weigel was a retail grocer handling tobacco in Milwaukee, Wisconsin. On direct examination by counsel for the petitioners he said that a man called upon him and sold him some Beech-Nut scrap tobacco, making delivery and taking payment in cash. The witness did not recall whether he asked the salesman directly or whether the salesman told him, but in any event he was given to understand "that this was a label that was only permitted on the very best products and was leased by the different companies that put out this product" (I, p. 561). As in the case of the other witnesses, counsel for the petitioner did not identify the salesman by name or description. Counsel for the respondent brought out that the salesman did not state what concern he represented, and that the jobbers from whom the witness normally bought Beech-Nut tobacco never told him that it was made by the Beech-Nut Packing Company.

Again counsel for the respondent took the testimony of dealers in the locality, all of whom testified that they had bought and sold the tobacco and cigarettes for varying lengths of time and always knew they were Lorillard's products from what the agents had said and from the packages and advertisements accompanying them (II, pp. 1430, 1459, 1524, 1538, 1551, 1566, 1568, 1569, 1571).

The Case of George B. Roach.

Roach was a grocer in the small town of Pembroke, Kentucky. A travelling salesman made three visits to this store, the first of which was in August, 1921. According to the witness the salesman introduced himself as Mr. Bacon and

stated that he was representing Beech-Nut Tobacco. He gave Roach a package to try. The salesman reminded Roach that he knew the Beech-Nut trade-mark and what it stood for and that anything put out under it had to be of the highest quality and from this Roach testified he became "convinced that it was put out by" the petitioner (I, pp. 665-668). The witness did not buy any tobacco at that time nor did he examine the package. The second visit was about two months later. In the meantime Roach had seen an agent of the petitioner and accordingly he said to the salesman that he understood that the Packing Company "was raising Cain about them using their trade-mark" and the salesman replied that they had sold the trade-mark to the Beech-Nut Packing Company, reserving the right to this use on tobacco, and that one suit by the Packing Company had been lost and he didn't think that they could reverse it (I, p. 666). The third visit was around November 21, 1921. Roach was out and the salesman saw his clerk who testified that the salesman said he was Mr. Bacon of the Lorillard Tobacco Company and was handling Beech-Nut cigarettes and tobacco (I, pp. 684, 686). At page 677 it clearly appears that Roach did not buy any tobacco in the belief that it was a Beech-Nut Packing Company product.

It would unnecessarily extend this statement to detail the testimony of the other witnesses in this group. Like those which have been stated each of them was unique in the fact that the witness was the only dealer in his community who was approached by any one who endeavored to convey the impression that the cigarettes or tobacco were made by the petitioner, and in each case the salesman remained unidentified. The alleged visits were all made about October or November, 1921, long after scrap tobacco was an established product and shortly after the bill of complaint was filed and testimony was beginning to be taken in this suit. The other cases were those of Peterson Bros. (I, pp. 501 *et seq.*), Charles P. Cook (I, p. 695), Jefferson D. Hayden (I, p. 754).

Thus Mr. Hayden when buying the tobacco received a receipted bill therefor plainly displaying the name "P. Lorillard Company", and when testifying he not only had on his shelves other Lorillard brands of tobacco but in plain view a stack of Beech-Nut cartons eight feet high, on each of which appeared the name "Lorillard". And Petersen Bros. in fact were fully acquainted (II, pp. 1580-1).

Testimony of Petitioner's Salesmen.

Petitioner examined sixteen of its own salesmen, and it contends that their testimony proves not only wholesale deception of the trade but that three of these salesmen were themselves deceived. Every one of these salesmen on cross examination admitted that just as soon as he examined the package and saw the name P. Lorillard Company on it he was satisfied that it was not one of petitioner's products, and those who testified that they thought it was one of petitioner's products admitted that they had not examined or paid any attention to the package. Thus in the testimony of E. I. Ray appears the following: "X-Q.28. Do you know of the P. Lorillard Co., do you? A. Why, yes. X-Q.29. You know they are a large tobacco manufacturing concern and put out various brands of cigarettes? A. Yes. X-Q.30. This name, P. Lorillard Co., on this package of cigarettes would indicate to you that it was one of their brands? A. Yes." (I, p. 364.) Similarly O. A. HUBBARD testified:

"X-Q.32. When you took this first package in your hand and examined it, you saw the name P. Lorillard Co. on it? A. I did. X-Q.33. That indicated to you that that was their product? A. It did; *just as soon as I got the package and examined it and saw the name 'P. Lorillard Co.' on it I was satisfied then.*" (I, pp. 101-2).

Their testimony as to the alleged deception of the trade took the indefinite form of stating that "hundreds" or "thou-

sands" or "innumerable" inquiries had been made of them as to the source of the tobacco products. The weight of this testimony may be appraised by the following illustrative question on cross examination. E. I. Ray was asked: "Do you know of your own knowledge if any of these people took the trouble to examine that package of cigarettes before they asked you that question? A. No. I don't" (I, p. 363).

It may also be appraised by a reading of the testimony given by some of these inquirers, which showed conclusively that such inquiries proceeded from careless inattention to the package and utter indifference to the manufacturer. Illustrative witnesses were Charles O. Larson (I, pp. 442-3); James J. Creevan (I, pp. 138-9, 141-2); Robert Greene (I, p. 275); James J. Marrinan (I, pp. 283-4); James J. Cashman (I, pp. 265-7); Clarence A. Wilkins (I, pp. 109, 111-2); Ida W. Wilkins (I, p. 121); Dorace L. Bottomly (I, pp. 168-9); T. J. Branigan (I, p. 287).

Thus CHARLES O. LARSON, named by Salesman Southern, said:

"X-Q.6. Do you smoke cigarettes? A. No, sir. I wouldn't be caught with one in my mouth. X-Q.7. Do you chew tobacco? A. No, sir. * * * X-Q.11. Did you ever buy a package of those Beech-Nut cigarettes? A. No, sir. X-Q.12. Did you ever buy a package of that Beech-Nut scrap tobacco? A. No, sir. Have no use for it. X-Q.13. Did you ever take the trouble to look at a package? A. Have looked at it tonight. Never took trouble to closely examine it. X-Q.14. You never prior to tonight took trouble to read printing on the package? A. No, sir. I am not interested." (I, pp. 442-3).

And JAMES J. CREEVAN, named by Salesman Blanchard, testified:

"X-Q.27. Did you ever buy a package of Beech-Nut cigarettes? A. No, sir; never smoked a cigarette in my life. X-Q.28. Did you ever go into a store and ask for a package of Beech-Nut cigarettes? A. No, sir. X-Q.29.

Did you ever carefully examine a package of Beech-Nut cigarettes? A. No, sir. * * * X-Q.33. Did you ever see Beech-Nut scrap tobacco? A. No, sir. X-Q.34. Like this package here that I show you? A. I never did see one before. * * * R-X.Q.58. Did you look at the cigarette package itself? A. I never saw the cigarette package until down here; you showed it to me. R-X.Q. 59. When was that? A. About ten minutes ago, just as I came up. R-X.Q.60. So the first time you saw a package of Beech-Nut cigarettes was today, August 19, 1921? A. Yes, sir." (I, pp. 138-9, 141-2.)

Other Witnesses Examined by Petitioner.

Counsel for the petitioner examined about thirty-five dealers, including those who testified to the seven cases of alleged misrepresentation, selected out of the thousands in the territory covered. The testimony of these dealers disclosed that none of them examined the package, that if the package had been so examined he would have seen Lorillard's name on it, and that that was the name of a tobacco company with which he was familiar. There was evidence also that these dealers were not representative of the trade but were hand-picked by counsel for the petitioner for the purpose of this suit. This was made evident by the testimony of witnesses offered by the respondent, who said that they had been interviewed by counsel for the petitioner and had been asked to testify to confusion in the minds of their customers, but when they explained that no such confusion existed, counsel for the petitioner did not take their testimony. Included in this group are L. G. Cauto (II, p. 971); Dennis T. O'Callahan (II, p. 1128); Ferdinand Bieringer (II, p. 919), Harry Klein (II, p. 990).

The petitioner also introduced certain other witnesses whose testimony on direct examination generally was to the effect that their first impression was that the tobacco products were made by the petitioner; but on cross examination they all admitted that they had never examined the package or the advertising, had never been interested

in who was the manufacturer, and in most cases had heard of the Lorillard Company and would have recognized its name if they had examined the package. Included in this group also were certain ardent anti-tobaccoists who testified that they experienced a feeling of disgust when they saw billboard advertising of the Beech-Nut scrap tobacco and gathered the impression, without reading the billboard, that the petitioner had gone into the tobacco business. Some of them testified that thereupon they resolved not to purchase any more of petitioner's products, although in each case the witness admitted that an examination of the package or the advertising would have set him right, and subsequently did.

A fair statement of the import of this testimony is that Petitioner has assembled some witnesses (a comparative few when the enormous extent of the two businesses are considered) who had, and on direct examination testified to, mistaken first impressions. But with great unanimity these witnesses frankly admitted on cross examination that their mistaken impressions were due to their own careless inattention to the packages, which in turn was due to their lack of interest in the source of manufacture. And they go further and say that had they taken the trouble to examine the packages they would have known they were the output of "Lorillard", the well-known tobacco manufacturer.

In Appendix A we have quoted from the testimony of each of the witnesses relied upon by Petitioner in its Appendices A and B and we refer the Court thereto for complete substantiation of our statements.

Misaddressed Letters.

Petitioner also introduced some seventy letters, most of which were orders (with a few requests for advertising) which had been received by it and which it is alleged indicated that the writer had been under the impression that petitioner was the manufacturer of the scrap and the cigarettes. These letters bear dates ranging from December 16,

1915 to October 18, 1923. During this period of nearly eight years thousands upon thousands of orders were sent in for these products and it is not astonishing that the petitioner received this relatively small number of missent communications.

One of these letter writers, William L. Miller, an advertising agent, was examined, and he confirmed what the misdirection of the letters would indicate—complete inattention and gross carelessness. He testified that having seen an advertisement in the New York Evening Sun of the Beech-Nut cigarette, he sent a letter to the petitioner in an effort to get some advertising for another magazine, because he thought the petitioner was putting out the cigarettes. On cross examination he admitted that he had known Lorillard for twenty years at least, was actually carrying advertisements for Lorillard when the incident occurred and in fact noticed the name P. Lorillard Company on the particular advertisement when he had cut it out and sent it to the petitioner (V, p. 2475).

Witnesses for the Respondent.

Respondent likewise introduced twelve of its salesmen located in various parts of the country, who testified that when the cigarettes were first introduced, one or two or perhaps half a dozen inquiries were made as to who was the manufacturer of the scrap or cigarettes. These witnesses testified that they regularly featured the name Lorillard in introducing themselves.

In addition to its own salesmen respondent took the testimony of a great many dealers in all parts of the country. Each of them with very few exceptions handled the products of both parties so that any confusion, if it existed, would be within their knowledge. They represented stores of all sizes and were drawn from different kinds of communities. Every effort was made to have this group of witnesses truly

representative of the chain stores, newspaper stands and restaurants, drug stores, grocery stores, general stores, etc., in which both products were likely to be sold. Exclusive of the many dealers who gave no figures, these witnesses disclosed that out of 110,500 customers who *daily* patronized their stores during all the years that respondent's Beech-Nut tobacco products had been on the market there were less than 100 comments or inquiries suggesting confusion or doubt in the mind of the public as to who was the maker of the tobacco product. It is perfectly obvious that no matter how great the difference between products may be, a minimum of confusion is likely to occur. Beyond all doubt this case presents the minimum.

Thus in Philadelphia respondent took the testimony of fifteen dealers whose combined customers averaged about 11,000 a day (II, pp. 1254-1335). Each of them who handled scrap or cigarettes or both knew them to be Lorillard products. Not one of them had ever heard any comment or inquiry indicating confusion in the trade. In Pittsburgh the respondent examined sixteen representative dealers whose combined customers averaging about 15,000 a day (not including seven who gave no figures) (III, pp. 1925-1962). Only one of them had ever heard any comment or inquiry indicating confusion and that was Joseph J. Rosswog with 500 customers a day, who had heard not more than four or five such inquiries (III, p. 1945). In other cities the experience was the same. Eleven dealers were examined from McKeesport, Pa. and vicinity, fifteen from Boston, eight from West Lynn and Salem, Mass., seven from Lawrence and Worcester, Mass., five from Springfield and Holyoke, Mass., nine from Wheeling, West Virginia, eleven from Baltimore, Md., four from Gary and Indiana Harbor, Ind., seven from Knoxville, Tenn., twenty-eight from four cities in Kentucky, twenty-one from three cities in North Carolina, fifteen from four cities in South Carolina, ten from

Milwaukee, nine from Manitowoc, Green Bay and Two Rivers, Wisconsin, eighteen from Hartford, Conn., ten from West Haven and New Milford, Conn., nine from Bridgeport, Conn., five from Norwalk and South Norwalk, Conn., and twenty-six from Chicago.

As illustrative of the testimony of these witnesses Peter Peters said: "If anybody asked me who makes it I would say, 'See the package,' that is all" (II, p. 1142). Samuel S. Broadbent said: "I saw the advertisements when they first came out in the paper saying they were made by Lorillard" (II, p. 1156); and Haskell Sharf said: "They know just as well as I did who was making it, because they always saw it advertised on the posters in the windows, see,—Beech-Nut cigarettes made by P. Lorillard, so you see they saw it before they came into the place. Their question was answered in the window on the posters" (II, p. 939).

It was upon the testimony of these witnesses, as well as upon the cross-examination of the petitioner's witnesses, that the District Court found and the Circuit Court of Appeals affirmed that there was no confusion and no effort on the part of the respondent to palm off its goods as those of the petitioner. It is apparent therefore that there was abundant support in the record for the finding of fact which was concurred in by the two courts below, and that this finding was based on a full survey of the country-wide situation in respect of both products.

Introduction and Summary of Argument.

The petitioner sought relief on two grounds: first, that there had been infringement of its trademark in the adoption by the respondent of the name "Beech-Nut"; second, that there had been unfair competition entitling petitioner to restrain the use of the "Beech-Nut" mark on tobacco because of alleged confusion in the public mind and injury to the petitioner.

The Respondent answered that there was no ground for relief on either of these contentions because of the utter dissimilarity of the names, packages, products and businesses of the respective parties and the long and wide use of "Beech-Nut" as a mark for tobaccos. Further, Respondent denied that it had palmed off its goods as those of Petitioner or had caused any confusion or injury as alleged, and contended that the long-continued acquiescence by the Petitioner in the sale of Scrap Tobacco between the years 1915 and 1919, during which time the business of Respondent on this brand had grown in the extraordinary amount and at the immense expenditure previously set forth in the statement of the case, made it inequitable for the Petitioner to have the drastic relief for which it prayed.

What the Lower Courts Decided.

In resolving the issues raised by these contentions, it is apparent that the decision was altogether a determination of fact. In making this determination both lower courts had before them a voluminous record containing the testimony, taken by deposition and in open court, of approximately 500 witnesses, and numerous extensive exhibits. Every effort was made to present the history and experience of both businesses in complete detail. With this record before them both courts below agreed upon three propositions, all of which were in the respondent's favor.

The *first* was that there was no trade mark infringement because foods and tobacco are not goods of the same descriptive properties. ✓

The *second* was that the respondent's labels, products and business were too utterly unlike the petitioners to be the occasion of any unfair competition and that no "palming off" had occurred. ✓

The *third* was that the public had not been misled or confused by the respondent's conduct, and that the petitioner had not been injured in any way. ✓

In addition, the District Court considered the question of alleged abandonment of the Beech-Nut trade-mark by the respondent, and found that there had been no abandonment during the years 1911-1914, when no sales of Beech-Nut tobacco had been made.

In their opinions the Courts below considered the three decisions now alleged to be conflicting, in the second and sixth circuits, a conflict which was relied upon when the Writ of Certiorari was sought. These three cases are considered in detail subsequently in this brief. It is enough here to say that the Courts below did not criticise or depart from them in any way. To the extent that they differ in result, that difference was based on a difference in fact and not a difference in legal principle. Citing and following the very cases on which petitioner relies, the inquiry, in the language used below, was whether, as a matter of fact, "within the principles announced in those cases, or in any other way, has the defendant injured the plaintiff in its property or reputation." Indeed it was expressly stated, as the underlying principle, that "if by unfair and fraudulent means the plaintiff is injured and the public deceived, equity will enjoin whether the injury comes through competition or in some other way."

And thus it becomes plain that Petitioner's quarrel with the decisions of the Courts below is not any failure in them to recognize and apply the principles of these cases on which petitioner relies, but the finding that even "within the principles of those cases" respondent had not injured petitioner or deceived the public—a question of fact purely.

Petitioner would have this Court believe that every consumer was deceived. This astounding statement is repeated with varying emphasis in the Petitioner's brief no less than twenty-seven times by actual count. In the teeth of the express findings of the lower Courts, it is asserted and re-asserted that "absolutely the entire purchasing public of the U. S. has been and is being deceived" (Brief, p. 75) by the

Lorillard use of the Beech-Nut Trade Mark. The claim rises to a climax of absurdity in the suggestion (Brief, p. 278) that "In effect the Court below rules that the universal deception of the public has resulted solely from the carelessness or stupidity of the hundred million inhabitants of the United States * * *".

We prefer to accept the statement of Petitioner's letter written to Respondent in 1919 after the "sunburst" scrap package had been on the market some four years and its sales had exceeded the total sales of Petitioner, saying that its Executive Committee suggested using the "sunburst" for the forthcoming cigarette package because this use

"will immediately apprise the prospective purchaser that the cigarettes are made by the same company manufacturing the popular Beech-Nut tobacco" (VI, p. 2912).

And we refer the Court to the quotations in Appendix "A" from the testimony of a great number of these witnesses for Petitioner, from which the court will see that each of these witnesses frankly admitted that their mistaken first impressions came entirely from their own carelessness in failing to examine the package, that had they examined the package they would have known it was a tobacco product put out by Lorillard, the well known tobacco manufacturer.

Said the Circuit Court of Appeals:

"The evidence shows that its goods have in no way been confused with those of the plaintiff, so that, when a purchaser desired a certain brand of plaintiff's goods, he in fact secured those of defendant. Defendant carefully made prominent in its label the Lorillard origin of its products. The difference between their labels is so great and distinctive that any purchaser, paying ordinary attention, need not and should not be mistaken, and certainly not deceived. * * *

"The evidence, in our opinion, conclusively shows that both parties have acted in perfect good faith. Both have

used the word 'Beech-Nut' on their respective, but very different, labels because they thought that they had the legal right to do so. The plaintiff adopted its trade mark without knowledge of the 'Beech-Nut' trade mark of the Harry Weissinger Tobacco Co. The defendant naturally adopted the 'Beech-Nut' trade mark for its products, because it owned the old Harry Weissinger trade mark and thought it was acting within its legal rights. The plaintiff is proud of its 'position substantially at the top of a highly competitive industry.' The defendant is one of the great tobacco companies of this country with a Lorillard reputation stretching back into three centuries. Neither needed nor desired the reputation of the incompatible business of the other. The evidence does not disclose anything on which infringement of the trade mark or unfair competition can be based." (7 F. (2nd) at p. 971).

The Writ of Certiorari was Improvidently Granted.

Upon the foregoing facts this case, if it is to be reviewed at all by this court, falls clearly within and will be governed by the rule applied in *Joseph Schlitz Brewing Co. v. Houston Ice & Brewing Co.*, 250 U. S. 28, 29, a case likewise of alleged trade-mark infringement and unfair competition heard on certiorari where there was diversity of citizenship, also testimony to confusion by purchasers (241 Fed. p. 819), and this Court said:

"This is a bill in equity, brought to restrain the use of a trade-mark alleged to infringe the plaintiff's, or at least to be used in a way that is calculated to deceive and unfairly to interfere with the plaintiff's good will. Both courts have found for the defendant (154 C. C. A. 519, 241 Fed. 817), so that the only question that we shall consider is whether, *upon inspection*, it can be said *as matter of law* that the *admitted* acts of the defendant are a wrong of which the plaintiff can complain."

It is apparent that the issues now before this Court are issues of fact upon which both Courts below have agreed. The petitioner sought the Writ of Certiorari on an alleged conflict of decision in point of law between this case and decisions in other Circuits. But in view of the complete agreement in legal principle between these Circuits, as will fully appear hereinafter, it is respectfully submitted that the Writ of Certiorari was improvidently granted. Since there remains nothing for this Court to consider except a review of issues of fact, the writ should be dismissed and the judgments below affirmed.

Southern Power Co. v. North Carolina Public Service Co., 263 U. S. 509;

Layne and Bowler Corporation v. Western Well Works, 261 U. S. 387, 393;

Houston Oil Company v. Goodrich, 245 U. S. 440.

Summary of Respondent's Argument.

The argument for the respondent in the brief following is divided into seven sections.

First, the petitioner properly was denied relief on its claim of trademark infringement because foods and tobacco are not goods of the same descriptive properties.

Second, the petitioner properly was denied relief on its claim of unfair competition because there had been no palming off of the respondent's goods as those of the petitioner. The parties are not trade rivals. Their names, packages and entire businesses are utterly dissimilar.

Third, the use of the word "Beech-Nut" by Petitioner in its corporate name gives it no right to complain of the use of that word in the tobacco trade.

Fourth, there is no conflict of opinion between the Circuit Courts of Appeal: Alleged conflicting decisions of the Second Third and Sixth Circuits and in England distinguished.

Fifth, the petitioner is barred by laches, acquiescence and estoppel from obtaining any relief because it has stood by for a period of years and without objection permitted the respondent to build up to a valuable business. It now seeks to destroy that business and to obtain the profits that have been made without protest by it.

Sixth, the petitioner has failed entirely to establish any damages to itself as result of the alleged unlawful conduct of the respondent.

Seventh, there was no abandonment by the respondent of its rights in the "Beech-Nut" name during the year 1911-1914 when no actual sales were made of "Beech-Nut" tobacco.

ARGUMENT.

POINT I.

The petitioner properly was denied relief on its claim of trade-mark infringement because the goods of the petitioner and respondent were not of the same descriptive properties.

Petitioner's Use and Registration of "Beech-Nut."

The petitioner was incorporated in 1899 under the Laws of New York and took over all the assets, trade-marks, etc., of Imperial Packing Company at that time. Imperial had been using the name "Beech-Nut" from 1891 on its products which had consisted chiefly of hams and bacon (IV, p.

2156). From year to year petitioner's products have increased in variety, but they have not only all been food products, but the particular class of food products which may be described as "delicatessen." In 1903 they included hams, bacon, chipped beef, grape jam, cranberry sauce, etc. During the next six years there were added marmalades, fruit jams, preserves, jellies, baked beans, sausage, candy in glass jars, catsup, sea foods, vegetables, etc. During 1911-1914, there were added olive oil, chewing gum, condiment sauce, sardines, etc., and during 1915-1920, there were added wintergreen, clove, and other compressed tablets, ginger ale, cough drops, peanut bars and caramels. A schedule of petitioner's products appears at page 2784 of Vol. VI.

From time to time petitioner and its predecessor registered "Beech-Nut" for its various products, the most comprehensive registration being the one asserted in this suit, No. 89613, made December 31, 1912 (I, p. 21). This was a registration made in the United States Patent Office in which the petitioner declared it had adopted for its use the trade-mark shown in the drawing attached to the declaration as its trade-mark for a large number of products ranging from hams and bacon to candies and chewing gum described in the statement as "all in class 46, foods and ingredients of foods."

Aside from the abortive attempt, hereafter discussed, to register the Beech-Nut mark for cigarettes, the petitioner has confined its use of the mark entirely to food products, so classified both under the Trade Mark and Pure Foods Acts.

The Trade Mark Act and Decisions of this Court Recognize that the Same Mark may be used on Goods which do not possess the "Same Descriptive Properties."

Both under the common law and the Trade-mark Act (Act of February 20, 1905, 33 Stat. 724), the principle long has been established that the same word or mark may be regis-

tered and used by one party for one product and by another party for another product if the respective products are not goods of "the same descriptive properties." See Section 1 and 5 of the Trade Mark Act, 35 Stat. 628; 37 Stat. 649.

The leading case in this Court on the subject is *Delaware & Hudson Canal Co. v. Clark*, 13 Wall. 311. There the Court said at page 323:

"The first appropriator of a name or device pointing to his ownership, or which, by being associated with articles of trade, has acquired an understood reference to the originator, or manufacturer of the articles, is injured whenever another adopts the same name or device for similar articles, because such adoption is in effect representing falsely that the products of the latter are those of the former."

The doctrine of this case has been restated in *McLean v. Fleming*, 96 U. S. 245; *Amoskeag Mfg. Co. v. Trainer*, 101 U. S. 51; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S. 537, 547, and *Columbia Mill Co. v. Alcorn*, 150 U. S. 460, 463. It is expressly carried into the Statute by Section 16 of the Trade Mark Act, 33 Stat. 728, fastening liability for infringement on one who uses another's mark on goods of "substantially the same descriptive properties."

More recently in two cases, the doctrine has been reexamined and restated. In *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 412, this Court said:

"Where a party has been in the habit of labeling his goods with a distinctive mark, so that purchasers recognize goods thus marked as being of his production, *others are debarred from applying the same mark to goods of the same description*,* because to do so would in effect represent their goods to be of his production and would tend to deprive him of the profit he might make through the sale of the goods which the purchaser intended to buy."

*Italics in this brief are ours unless otherwise indicated.

In *United Drug Company v. Rectanus*, 248 U. S. 90, the same doctrine was reaffirmed, and the Court took occasion to point out in language especially applicable to this case that the adoption of a trade-mark will not preempt the field to the owner of that trade-mark beyond the same kind of goods upon which it has been appearing. The Court said at page 98:

"It results that the adoption of a trademark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade."

The leading English case on the subject states the same doctrine and may be quoted for its classic illustration of the linen and the iron.

In *Ainsworth v. Walmsley*, L. R. 1 Eq. 518, 524, Vice Chancellor Sir Wm. Page Wood said.

"He has no property in that mark *per se*, any more than in any other fanciful denomination he may assume for his own private use, otherwise than with reference to his trade. If he does not carry on a trade in iron, but carries on a trade in linen, and stamps a lion on his linen, another person may stamp a lion on iron."

The doctrine is stated and discussed with numerous illustrations from decided cases in *Nims on Unfair Competition and Trade-Marks*, 2 ed., Sec. 221.

These decisions and the provisions of the Trade Mark Act have, of course, been accepted by the Federal Courts as expressing and establishing the law on this subject. With them the question has been not the authoritative existence of the principle but whether or not as a matter of fact the respective products in the particular case were goods of the

"same descriptive properties". And such is also the law of the States and in England.*

In accordance with the long established principle announced by these cases the Patent Office provides in its regulations that an applicant for the registration of a trade-mark must specify the class of goods in respect of which he desires registration. Indeed the statute so requires, the Act providing that the applicant must state in his application "the class of merchandise and the particular description of goods comprised in such class to which the trade-mark is appropriated." (35 Stat. 628).

The Patent Office has established some fifty classes of merchandise to guide applicants in making applications for registration of trade-marks. An extract from the Patent Office's pamphlet on this subject is printed at page 2941

*See in the Eighth Judicial Circuit: *Layton Pure Food Co. v. Church & D. Co.*, 182 Fed. 35, 37, and *Atlas Mfg. Co. v. Street*, 204 Fed. 398, 405-6; in the Seventh Judicial Circuit: *Borden's Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 Fed. 510, 514, and *Enoch Morgan's Sons Co. v. Ward Co.*, 152 Fed. 690; in the Sixth Judicial Circuit: *Peninsular Chemical Co. v. Levinson*, 247 Fed. 658, and *Vogue Co. v. Thompson*, 300 Fed. 509; in the Third Judicial Circuit: *Rosenberg Bros. & Co. v. Elliott*, 7 F (2d) 962; *Beechnut P. Co. v. P. Lorillard Co.*, 7 F (2d) 967; *Akron-Overland Co. v. Willys-Overland Co.*, 273 Fed. 674, and *Lawrence v. Sharpless*, 203 Fed. 762; in the Second Judicial Court: *Aunt Jemima Mills Co. v. Rigney*, 247 Fed. 407; *National Picture Theatres v. Foundation Film Corp.*, 266 Fed. at p. 211; *Charles Broadway Rouss v. Winchester*, 300 Fed. 706, and *France Milling Co. v. Washburn Crosby Co.*, 7 F (2d) 304; in the D. C. Court of Appeals: *American Tobacco Co. v. Gordon*, 10 F (2d) 646; *Pittsburg Co. v. Ruben*, 3 F (2d) 342; *Oppenheim v. President Suspender Co.*, 3 F (2d) 88; *Vacuum Oil Co. v. Gargoyle Textile Corp.*, 285 Fed. 1002; *Paul F. Beich Co. v. Kellogg*, 262 Fed. 640; *Anglo-American Co. v. General Electric Co.*, 43 App. D. C. 385; *Lord & Taylor v. Wolf & Sons*, 41 App. D. C. 514; *Quaker Oats Co. v. Mothers Macaroni Co.*, 41 App. D. C. 254; *Johnson Educator Food Co. v. Sylvanus Smith Co.*, 37 App. D. C. 107; in the States *Corning Glass Works v. Corning Cut Glass Co.*, 197 N. Y. 173; *Hub Dress Mfg. Co. v. Rothenberg*, 237 Mass. 281; *Va. Baking Co. v. So. Biscuit Works*, 111 Va. 227; and in England *Dunlop Pneumatic Tyre Co. v. Dunlop Motor Co.* (H. of L. 1907), 24 R. P. C. 572, 580, (1907) L. R. App. Cas. 430; *Scottish U. & N. Ins. Co. v. Scottish N. Ins. Co.*, 26 R. P. C. 105; *Borthwick v. The Evening Post*, L. R. 37 Ch. D. 449; *Hall v. Barrows*, 4 DeG. J. & S. 150, 158-9.

of Vol. VI. Foods and ingredients of foods make up Class 46. Tobacco products are class 17.

*Tobacco Products and Food Products Do Not Have the
"Same Descriptive Properties."*

On this aspect of the case the question becomes ultimately a question of fact as to whether the food products of the petitioner are goods of the same descriptive properties as the tobacco products of the respondent. In litigation between the parties in this suit this issue has been resolved against the petitioner no less than four times.

In 1919 after four years of silence on the part of the petitioner regarding the use of the Beech-Nut name, and during which period the respondent's scrap tobacco business had grown from 7,000,000 pounds in 1915 to 27,000,000 pounds in 1919 (VI, p. 2968), the respondent began preparation for marketing a Beech-Nut cigarette. A sample label prepared for this purpose reached the petitioner and in an endeavor to forestall the respondents' plans, the petitioner had The American Tobacco Company manufacture for it 2,060 cigarettes at a cost of \$11.85 (I, p. 791; VI, p. 2831). These cigarettes were packed in plain white boxes with black printing. A label which appears as Exhibit 22 in Vol. VI, page 2999, similar to the petitioner's usual label was never used (IV, p. 2169).

The respondent, hearing of these activities, wrote the petitioner on June 28, 1919, asserting the ownership of the Beech-Nut name for tobacco products and demanding that the petitioner cease its use for cigarettes (VI, p. 2902). Correspondence ensued regarding the label proposed to be used by the respondent, and during the progress of this correspondence the petitioner applied for the registration of the Beech-Nut for cigarettes under the Trade-Mark Act.

The respondent opposed the application, filing its opposition under the provisions of Section 6 of the Trade-Mark Act. The basis of the opposition was that the respondent

was entitled to use the Beech-Nut name on tobacco products in view of its adoption and use of this name continuously since 1896, or at least since 1915 on scrap tobacco.

After an extended hearing, the Examiner of Interferences denied the application (VI, p. 2821). On appeal to the Assistant Commissioner of Patents, this decision was affirmed and registration was refused (VI, p. 2830). The basis of both decisions was that the goods were not of the same descriptive properties and that therefore the same name could be used by different parties on goods so differing. No further appeal was taken from the decision of the Assistant Commissioner.

Again, in the District Court in the present suit, the petitioner was defeated on its charge of trade-mark infringement upon the ground that the goods marketed by the two parties were not of the same descriptive properties (V, p. 2669). Again in the Circuit Court of Appeals in the decision now under review, the petitioner's contention met with defeat on the same ground (V, p. 2700).

There can be no question that these four adjudications arrived at the right result on the issue of fact before the respective tribunals. Before considering the authorities relied on in these decisions to support the results reached, a brief examination of the two products may be made.

In 1922, 10,291 concerns in the United States were engaged in manufacturing tobacco with an annual output of a value of \$1,012,932,000., consisting of cigarettes, cigars, chewing and smoking tobacco and snuff (V, p. 2632). Not one of these manufacturers ever has made or marketed food products (I, 791; V, pp. 2555, 2614, 2634). Dating from 1760 when Pierre Lorillard opened his factory in what is now Bronx Park, New York, tobacco products of every kind and only tobacco products have been manufactured under the "Lorillard" name by respondent and its predecessors. The consumers of these products are mostly men. Tobacco is a narcotic. It is in no sense a food. Its active element is a

poison called "nicotine" which, when extracted, is used only as an insecticide for such purposes as spraying plants and dipping sheep.

On the other hand the petitioner has never made or marketed anything but food (I, p. 790) which it sells under its widely published slogan "Foods of finest flavor". Women and children are the chief buyers (I, pp. 385, 856). All of petitioner's products are embraced in the Pure Food Act (I, p. 790; V, p. 2510) and this statement, of course, includes chewing gum. No tobacco product is thus included. All tobacco products long have been the subject of heavy taxation under the Internal Revenue Laws. None of petitioner's products is thus taxed. Every witness in this case who testified on this subject, stated that tobacco and food products are distinct and unrelated products and are so recognized in the trade.*

No manufacturer of food products has ever made or sold tobacco products, and no manufacturer of tobacco products has ever made or sold food products. This is the testimony of witnesses whose recollection extends back 25 to 40 years, during all of which time they have been actively in the tobacco business (V, pp. 2555, 2614, 2634). This was admitted by Mr. Barbour, Petitioner's vice-president, when he said:

"X-Q.48. Did you ever know a concern that was manufacturing package or food products that was engaged

*Examples from among Petitioner's witnesses are:

Bryon O. Foster (I, pp. 692-3); Albert Levy (I, p. 411); John E. Watson (I, p. 417); William H. Sage (I, p. 422); William C. Wiegel (I, p. 564); Henry Butcher (I, p. 246); Richardson S. Marks (I, p. 776); George B. Roach (I, p. 675); William T. Hill (I, p. 728).

Examples from among Petitioner's salesmen are:

Roy B. Southern (I, p. 398); Albert B. Lewis (I, p. 403); O. M. Wesling (I, p. 534); Wyatt P. Jennings (I, p. 736).

Respondent's witnesses likewise so testified:

Samuel Rackmales (II, p. 1203); Ferdinand Bieringer (II, p. 918); J. S. Weiner (III, p. 1673); David Kossack (III, p. 1682); Morris Gold (III, p. 1782); William Waschler (II, p. 1257); Harry Klein (II, pp. 992-3); David Ornstern (II, p. 1285).

in the manufacture of tobacco? A. I do not know of any—cannot think of any at this time” (I, p. 791).

There are a few dealers in, not manufacturers of, food products who have special brands made for them. The evidence makes this very plain (V, pp. 2465, 2614-5). But this practice is not nearly so common now as it was 25 years ago. Today there exist only the “Bon Voyage” cigarettes of Charles & Company, a retail grocery concern, the “Black & White” cigarettes of the Liggett Chain of drug stores, and the “Tilford” cigars of Park & Tilford, another retail grocery concern. These instances are dwelt upon in Petitioner’s brief (p. 135), but Mr. Belt, a vice-president of Respondent, characterized these brands as “so infinitesimal” that no attention need be paid to them (V, p. 2616).

These practical differences are reflected in the attitude taken by the Patent Office toward trade-mark registrations involving these products.

Hon. James T. Newton, a former Commissioner of Patents, who had served twenty-eight years in the Patent Office and had there been in charge of the Trade-Mark Division, testified that it had been the office practice for years to register the same word for foods and for tobaccos on the application of different parties because they never were regarded as goods of the same descriptive properties (V, pp. 2518, 2520). By way of illustration, the witness produced three large volumes containing a great multitude of instances of the registration of the same word by one concern for foods and by another for tobaccos, which are not in the printed record but will be exhibited at the hearing. The registrations are summarized, however, in Vol. VI, p. 2924.

Court Decisions Deny “Same Descriptive Properties” to Food Products and Tobaccos.

The courts, whenever the question has arisen and in whatever form, have consistently held that tobacco products and

food products are not goods of the same descriptive properties.

In *Pittsburg Brewing Co. v. Ruben* (App. D. C. 1925) 3 F. (2d) 342, 343, the Court said:

"It is true that soft drinks and stogies are frequently kept on sale at the same stands, but this fact does not go far towards determining the 'Descriptive properties' of the goods, for it is well known that most retail stores deal in a variety of articles of diverse character. And when soft drinks and stogies are considered with reference to their component materials, processes of manufacture, and manner of consumption, it becomes evident that they are not goods of the same descriptive properties, and they are not so regarded in common understanding. Moreover, it is safe to assume that soft drinks and tobacco products are not often, if ever, made or marketed by the same manufacturer".

In *California Packing Corp. v. Price-Booker Co.* (App. D. C. 1922) 285 Fed. 993, 995, the court illustrated its idea of distinct classes of products by saying:

"For instance, no one would be deceived into believing that a can of tobacco and a can of peas were put out by the same concern, simply because they bore similar trade marks."

In *State v. Ohmer*, 34 Mo. App. 115 it was held that tobacco is not a food within the meaning of the laws forbidding sales on Sundays except of food and other necessities, the Court saying:

"Food is a substance that promotes the growth of animal or vegetable life. There is no nutrition in tobacco. It is merely a narcotic. It is not generally regarded as an article of food. It could hardly be said that an indictment for selling unwholesome food could be sustained by proof the defendant sold a bad or unwholesome cigar."

And in *Liggett & Meyers Tobacco Co. v. Cannon*, 132 Tenn. 419, the court held chewing tobacco was not a food within the rule of law that in the sale of food products there is an implied warranty of fitness for consumption, saying:

"We think it manifest that tobacco is not a food-stuff. It does not tend to build bodily tissue and as to the average adult its tendency is widely thought to retard the building up of fatty tissue. In respect to its use by the young, it cannot be doubted that it tends to stunt normal development and even growth in stature. The desire or appetite for food is natural and common to all of the human race, while the desire for tobacco must be created" (p. 423).

"Foods are used as a matter of necessity in the support of life by all mankind from the infant to the aged. The legislatures have accordingly undertaken to give safeguards to the consuming public by way of pure food statutes. Tobacco has not been so treated. On the contrary it has been deemed a fit article on which to levy heavy internal revenue taxes, and as we have seen, the sale of tobacco in certain forms has been restricted, and undertaken to be prevented by statute. It is, we think, apparent that the same consideration of public welfare cannot support the enlargement of the class of food-stuffs so as to include tobacco even in the form of chewing tobacco, and that public policy as thus far declared is, as it should continue to be, not favorable to a classification that would protect its ultimate consumer under the rule above outlined" (pp. 424-5).

Use of the Same Mark by One Concern for Foods and by Another for Tobacco Has for Years Been a Universal Trade Custom.

For years it has been the universal custom in this country, sanctioned by the patent office through its classification and registrations as above stated, for the same mark to be used by one concern for its food products and by another concern for a tobacco product. This is thoroughly established by the record and is a fact of the utmost importance and has often been held determinative of the issue involved.

There are inserted at the end of this brief, by way of illustration, several pictures of physical exhibits presented to the courts below, to indicate the extent to which the same trade-mark has been used by one concern for tobaccos and by another concern for foods. In addition to the mute argument of these pictures, it may be recalled that the following duplications have existed in the market and that very frequently these products covered by the same name have been sold in the same stores and from the same counters.

"Apple" tobacco and "Apple" chewing gum.

"Star" tobacco and "Star" hams, milk, soap, washing fluids, etc.

"Sunshine" cigarettes and "Sunshine" Biscuits.

"Velvet" tobacco and "Velvet" Ice Cream.

"Eureka" tobacco and "Eureka" chocolates.

"Comet" tobacco and "Comet" rice.

"Polo" cigarettes and "Polo" canned goods.

"Tiptop" tobacco and "Tiptop" bread.

"Murad" cigarettes and "Murad" canned corn.

"Pall Mall" cigarettes and "Pall Mall" candy.

The illustrations in the picture are three very well known trade-marks now in general use, namely "Camel", "Mogul" and "Omar", each of which is being employed on an extensively sold line of cigarettes and at the same time on a broad list of food products similar to the petitioner's.

It appears therefore that the products of the petitioner and respondent differ widely in their ingredients, in the type of purchasers, and in the manner in which they have been treated under the pure food and revenue laws. These differences have been respected in a long administrative practice in the Patent Office which has registered the same name for food products and for tobaccos. This administrative practice has been approved by the courts wherever the issue has been raised. Furthermore, in the commercial world precisely the same situation exists in respect of numerous familiar trade-marks now in extensive use on both food prod-

ucts and tobaccos. In this state of the record the courts below were clearly right in concluding that food products and tobaccos are not goods of the same descriptive properties, and that consequently no suit would lie for an alleged infringement by the petitioner against the respondent on the ground of trade mark rights.

The Classification Rule in Trade Mark Law Is Sound in Principle.

The petitioner challenges this conclusion in this Court with the argument that the principle of classification, long embedded in the trade-mark law, is arbitrary and unsound and that where actual confusion of origin is shown to exist, trade-mark infringement must be recognized.

This argument may be met on several grounds. In the first place, as heretofore has been pointed out, courts of equity apart from statute had developed the doctrine of goods of the same descriptive properties long before Congress enacted any trade mark legislation. The statutory classification therefore merely followed familiar equitable doctrines and after the statute had re-enunciated these doctrines, this Court has had occasion again to consider the question and has adhered to the principle. A doctrine so thoroughly established ought not longer to be debatable.

But there are more serious objections to the petitioner's contention. If it prevails the barrier between goods of different classifications would be broken down and the registering of a trade-mark for any class of goods would give to that registrant a universal trade-mark for any article he might thereafter market. This Court has stated the objection to this doctrine in *D. & H. Canal Co. v. Clark*, 13 Wall. 311, 323:

"No one can claim protection for the exclusive use of a trade-mark or trade-name which would practically give him a monopoly in the sale of any goods other than those produced or made by himself. If he could, the public would be injured rather than protected, for competition would be destroyed."

and this language was quoted with approval in *Standard Paint Co. v. Trinidad Asphalt Co.*, 220 U. S. 446, 454. This would lead to the very conflict which this Court had before it in *United Drug Co. v. Rectanus Company*, 248 U. S. 90, where the same mark had come into use in different parts of the country, each party being ignorant of the use by the other. The Court said at page 27:

"The asserted doctrine is based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy."

This court plainly intimated in that case that it would require legislation especially directed to that end to make the trade-mark protection run beyond the scope of the owner's present activity either territorially or in respect of class of product. The petitioner's contention here would permit the trade-mark protection to run beyond the scope of the present activity not only territorially but also into totally unrelated products.

Such a principle is entirely at variance with the nature of the property in a trade-mark. For the petitioner's doctrine would give property rights upon the mere adoption of a mark. But as this Court said in *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 413:

"As was said in the same case (*Trade Mark Cases*, 100 U. S. 82, 94) the right grows out of use, not mere adoption."

And it would give property rights separate and independent from an existing business, whereas this Court said in the *Hanover* case at page 414:

"In short, the trade-mark is treated as merely a protection for the good-will, and not the subject of property except in connection with an existing business."

And in *United Drug Co. v. Rectanus Co.*, 248 U. S. 90, 97:

“There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”

The rule of “same descriptive properties” preserves the essential character of the property in a trade mark and should not be set aside.

POINT II.

The petitioner properly was denied relief on the claim of unfair competition.

The argument heretofore has been confined to the question of technical trade-mark infringement and has been directed to establish that the petitioner was not entitled to relief on that ground because its goods and those of the respondents were not goods of the same descriptive properties. This Court has frequently observed, however, that trade-mark law is but a branch of the broader law of unfair competition. *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 413; *United Drug Company v. Rectanus*, 248 U. S. 90, 97; *American Steel Foundries v. Robertson*, 269 U. S. 372, 380.

The principles upon which equity will give relief on the ground of unfair competition, where technical trade-mark infringement is not established, have been settled by a long line of cases and may be illustrated by brief extracts from these decisions. Throughout them all it is to be noted that the fact essential to establish the right to relief is the palming off by the defendant of his goods in such a way as to deceive a purchaser into thinking that the goods in fact are the plaintiff's and that so long as the defendant acts honestly in the representation of his goods, the occasional confusion to customers resulting from casual or careless observation of

the package or the name will not make out a case for equitable relief.

As pointed out in the *Hanover* and *Rectanus Cases*, these principles, controlling both infringement and unfair competition, have as their basis the fundamental fact that, unlike a patent or copyright, which is a right in gross or at large, a trademark right arises from use, not mere adoption, and exists only as a right appurtenant to a business in which it is being employed, from which it necessarily follows as respects both territory and products (which the court treated as identical for this purpose) the adoption of a trade mark does not protect the right by its projection, as respects either infringement or unfair competition, in advance of the extension of the trade. In brief, there is no trade mark property where there is no business on the trade mark, whether looked at from the standpoint of territory or of commodity, or, as frequently otherwise expressed, where there is no competition there can be no unfair competition.

This view of the law has received the sanction of the leading cases in England and this country* as well as of this

* *Dunlop Pneumatic Tyre Co. v. Dunlop Motor Co.*, App. Cas. 1907 L. R. 430, 437-8, House of Lords, 24 R. P. C. 572;
Scottish U. & N. Ins. Co. v. Scottish N. Ins. Co., 26 R. P. C. 105;
Hall v. Barrows (1863) 4 De G. J. & S. 150, 158;
Leather Cloth Co. v. American Leather Co. (1865) 11 H. L. Cas. 523;
Ainsworth v. Walmsley (1866), L. R. 1. Eq. 518, 524;
Borthwick v. Evening Post (1888) L. R. 37 Ch. Div. 499;
Corning Glass Works v. Corning Cut Glass Co., 197 N. Y. 173;
Hub Dress Mfg. Co. v. Rothenberg, 237 Mass. 281;
National Picture Theatres v. Foundation Film Corp. (C. C. A. 2nd) 266 Fed. 208, 211;
Charles Broadway Rouss v. Winchester Co. (C. C. A. 2nd) 300 Fed. 706, 723;
Borden's Ice Cream Co. v. Borden's Condensed Milk Co. (C. C. A. 7th) 201 Fed. 510, 514;
Haller Baking Co. v. Ward Baking Co. (C. C. A. 3rd) 295 Fed. 683;
Basket Stores v. Allen, 99 Neb. 217, 155 N. W. Rep. 893;
Dubuque G. C. & S. v. St. Joseph's College (Iowa) 169 N. W. Rep. 405;
Nolan Bros. v. Nolan, 131 Cal. 271;
Va. Baking Co. v. Sou. Biscuit Works, 111 Va. 227;
Carroll v. Duluth Co. (C. C. A. 8th) 232 Fed. 675, 681.

court in cases that we shall notice and is expressed in the phrase that there must be a palming off. Any injury done otherwise is not trade mark infringement or unfair competition but a common law tort to be established and dealt with under that category. (By way of illustration see *Peninsular Co. v. Levinson* and *Walter v. Ashton* hereinafter considered.)

In the early and leading case of *Delaware & Hudson Canal Company v. Clark*, 13 Wall. 311, the principle of unfair competition had been stated in the following language, at page 322:

"This will be manifest when it is considered that in all cases where rights to the exclusive use of a trade-mark are invaded, it is invariably held that the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another; and that it is only when this false representation is directly or indirectly made that the party who appeals to a court of equity can have relief. This is the doctrine of all the authorities."

In *Goodyear's India Rubber Glove Manufacturing Co. v. Goodyear Rubber Co.*, 128 U. S. 598, 604, the principle is again stated in the following language:

"The case at bar cannot be sustained as one to restrain unfair trade. Relief in such cases is granted only where the defendant, by his marks, signs, labels, or in other ways, represents to the public that the goods sold by him are those manufactured or produced by the plaintiff, thus palming off his goods for those of a different manufacture, to the injury of the plaintiff. *McLean v. Fleming*, 96 U. S. 245; *Sawyer v. Horn*, 4 Hughes, 239; *Perry v. Truefitt*, 6 Beavan, 66; *Croft v. Day*, 7 Beavan, 84. There is no proof of any attempt of the defendant to represent the goods manufactured and sold by him as those manufactured and sold by the plaintiff; but, on the contrary, the record shows a persistent effort on its part to call the attention of the

public to its own manufactured goods, and the places where they are to be had, and that it had no connection with the plaintiff."

From the statement of facts already given and from further argument that will be made, it is evident that the present case comes squarely within the language of the last quoted sentence.

In *Coats v. Merrick Thread Co.*, 149 U. S. 562, 566, the same fundamental principle was stated by Mr. Justice Brown as follows:

"There can be no question of the soundness of the plaintiffs' proposition that, irrespective of the technical question of trade-mark, the defendants have no right to dress their goods up in such manner as to deceive an intending purchaser, and induce him to believe he is buying those of the plaintiffs."

In *Elgin National Watch Co. v. Illinois Watch Co.*, 179 U. S. 665, Chief Justice Fuller repeated the language originally used by Mr. Justice Clifford in the *Canal* case, when he said at page 674:

"The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another."

Again in the *Howe Scale Co. v. Wyckoff*, 198 U. S. 118, at page 140, Chief Justice Fuller said:

"The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails."

In the same case at page 136, appears the familiar sentence repeated in the opinion of the Court below, which says:

It is dishonesty in the use that is condemned, whether in a partnership or corporate name, and not the use itself."

In 1911 in *Standard Paint Co. v. Trinidad Asphalt Co.*, 220 U. S. 426, the subject again was reexamined and Mr. Justice McKenna said at page 461:

"It is true that the manufacturer of particular goods is entitled to protection of the reputation they have acquired against unfair dealing, whether there be a technical trade-mark or not, but the essence of such a wrong consists in the sale of the goods of one manufacturer or vendor for those of another.* * * Such a wrong is not established against the Asphalt Company. It does not use the word 'ruberro' in such a way as to amount to a fraud on the public."

Both courts below, after careful examination of the evidence, found that the Respondent had not palmed off its goods as those of the Petitioner and that there had been no deception of the public. Undoubtedly the facts, for this is purely a question of fact, amply justified the finding under the authorities.

To begin with, as said by both courts below, the packages are so dissimilar that if the word "Beech-Nut" were removed from them there would be no point of similarity at all. Those of Respondent are the standard scrap and cigarette packages, recognized as such as far as they can be seen and in no wise like the packages of Petitioner. They plainly carry the name of Respondent, which is widely known in the tobacco business, and is not at all like the name of Petitioner. They also carry in plain lettering the name of the products contained in the packages which have already been discussed and found to be totally different from the products of Petitioner and to have been so classified under the Trade Mark Acts, by commercial custom, by all the courts and by every witness who has testified in the case. And the scrap tobacco package has as its dominating feature the "sunburst" effect, nothing like which has ever been used by Petitioner and which we have seen the Petitioner thought so effective that it

suggested the use of this design on the cigarette packages in order that the public might be immediately apprised that the cigarettes were put out by the same concern that made the popular scrap tobacco.

When, therefore, we contemplate the complete dissimilarity in names, products, packages and businesses, we have not only a case in which the parties are not trade rivals, in which there is no competition at any point, but incompatible businesses carried on in a manner that this court must feel, as the lower courts decided, was an honest and successful endeavor by the Respondent to sell its goods on its own good reputation. Indeed, it is perfectly preposterous to assert that such a large and well known tobacco company as Respondent would seek to market a tobacco brand on the reputation of a packing establishment, a maker and vendor of food products.

The principle of Equity invoked by the petitioner requires proof of deceit by the vendor, not mistakes of purchasers, in order to establish a case. If this were not the law proprietors would be at the mercy of the careless and indifferent. This aspect of the rule was succinctly stated by the Circuit Court of Appeals for the Eighth Circuit in *Allen B. Wrisley Co. v. Iowa Soap Co.*, 122 Fed. 796, as follows:

"His competitor has no better right to a monopoly of the trade of the careless and indifferent than he has, and any rule of law which would insure it to either would foster a competition as unfair and unjust as that promoted by the sale of the goods of one manufacturer as those of another. One who so names and dresses his product that a purchaser who exercises ordinary care to ascertain the sources of its manufacture can readily learn that fact by a reasonable examination of the boxes or wrappers that cover it has fairly discharged his duty to the public and to his rivals and is guiltless of that deceit which is an indispensable element of unfair competition. *Centaur Co. v. Marshall*, 97 Fed. 785, 789;

Coats v. Thread Co., 149 U. S. 564, 567; *Kahn v. The Diamond Steel Co.*, 89 Fed. 706, 707; *Manufacturing Co. v. Spear*, 2 Sandf. 599, 606; *Canal Co. v. Clark*, 13 Wall. 311, 322; *Gorham Co. v. White*, 14 Wall. 511, 528; *McLean v. Fleming*, 96 U. S. 245, 255, 256; *N. K. Fairbanks Co. v. R. W. Bell Mfg. Co.*, 77 Fed. 869, 876."

And in *American Tobacco Co. v. Globe Tobacco Co.*, 193 Fed. 1015, 1018, relief was denied because the testimony in the record showed only that

"Careless purchasers have probably been deceived, not that purchasers who took enough interest in their purchase to look at the packages before pocketing them were deceived."

In the same case the broad doctrine is thus stated (p. 1018):

"The rule is settled that 'equity will not interfere where ordinary attention by the purchaser would enable him to discriminate' between the goods put out by the parties, and that one is not bound to prevent a purchase by a careless purchaser" (citing numerous cases).

Mr. Justice Brewer said in the leading case of *P. Lorillard Co. v. Peper*, 86 Fed. 956, 960, where both products were tobaccos:

"We shall not stop to review the testimony which is offered upon the question whether the resemblances between the two packages and labels were calculated to mislead, or whether in fact they did operate to mislead. It is enough to say that there was testimony on both sides of these questions, and perhaps, looking at the matter of testimony alone, it might be difficult to say on which was the preponderance; but such testimony, giving it all the weight that it is entitled to, does not disturb the conclusions which we have reached from an inspection of the packages and labels themselves. We cannot surrender our own judgment in this matter because others may be of a different opinion, or be

cause it happens, in isolated instances, that some purchaser was so careless as not to detect the differences. It may well be that, where many sales were made, some individuals, not particularly attentive, may have purchased the defendant's, supposing they were purchasing the plaintiff's package. Such things will happen in the ordinary course of business, no matter how great the differences; and the fact that they do happen, while it is not to be ignored, is not to outweigh the evidence which comes from a personal inspection of the packages and labels."

The courts below did not stop at inquiring as to unfair competition. They went further and inquired if by any "unfair and fraudulent means the plaintiff is injured and the public deceived."

The Circuit Court of Appeals said:

"We are aware, however, that equity may be invoked without market competition. Emphasis should be placed on the word 'unfair' rather than 'competition'. If by unfair and fraudulent means the plaintiff is injured and the public deceived, equity will enjoin, whether the injury comes through competition or in some other way. *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F. 407, 159 C. C. A. 461, L. R. A. 1918C, 1039; *Vogue Co. v. Thompson Hudson Co.* (C. C. A.) 300 App. Div. 512. Within the principles announced in these cases, or in any other way, has the defendant injured the plaintiff in its property or reputation?

We are satisfied that it has not." (V, p. 2701.)

It will thus be seen that the courts below went beyond the questions of trade mark infringement and unfair competition into the domain of common law to inquire whether any common law tort had been committed. In so doing it subjected the conduct of Respondent to the very utmost that any law in any way could require and it rendered the verdict that it was satisfied that the Respondent had not offended.

In view of the foregoing it is idle for Petitioner's brief by a process of selective quotations to undertake to show this court that the courts below confined their inquiry in a way that prevented it from properly ascertaining and determining the true merits of the case. To do so in the light of the quotation we have just made from the opinion below is to set up a straw man for the purpose of overturning it.

Both courts below, after careful consideration of the evidence found that the respondent had not palmed off its goods as those of the petitioner and that there had been no deception of the public. On the contrary the evidence clearly shows that respondent's sales were made on the strength of the quality of its product, its genius in meeting the public taste, its effective advertising and marketing organization, and of the Lorillard reputation stretching back into three centuries; that there had been no deception of the public, but that in a few sporadic instances, individuals who had not examined the package nor read the advertising had temporarily thought that the respondent's tobacco was made by the petitioner; that such confusion, if it could so be termed, was due to a failure to look at the package or the label, which in turn was the result of a total lack of interest in the source of manufacture; that no injury had resulted to the petitioner as a result of such occasional confusion; that on the contrary during the period of the use by the respondent of the Beech-Nut name, the petitioner's business had doubled; that the efforts on the part of the petitioner to establish sales by agents of the respondent upon the representation that petitioner was the manufacturer of the goods had not been proven; and that circumstances which already have been referred to indicate strongly that this attempt on the part of the petitioner to prove its case was a deliberate effort to create spurious evidence.

It is clear that if as this court repeatedly has said: "The essence of the wrong consists in the sale of the goods by one

manufacturer or vendor as the goods of another" the petitioner has not made a case and the courts below properly have denied relief.

POINT III.

The use of the word "Beech-Nut" by Petitioner in its corporate name gives it no right to complain of the use of that word in the tobacco trade.

This is true in this case because

(1) The word has not only been used for tobaccos by Respondent and its predecessors as set forth in the statement of the case, but it has also been used for tobaccos by others, such as C. E. Schutz and Broecker Tobacco Co. (IV, p. 2264, and VI, pp. 2977, 2980), and even as the name of a cigar concern, to wit, Beechnut Stogie Co. of Lancaster, Pa., which, it will be recalled, is the concern which the counsel for Petitioner suggested Lorillard seek to stop from using Beech-Nut for tobaccos because such counsel thought Lorillard in a much stronger legal position to do so than Petitioner (VI, p. 2909);

(2) When the word became a part of Petitioner's name it was being used, and for several years had been used, by Respondent's predecessor in title as a trade name for tobacco and therefore could not be exclusively appropriated (*Abestone Co. v. The Philip Carey Mfg. Co.*, 41 App. D. C. 509; *Howard Co. v. Baldwin Co.*, 48 App. D. C. 442);

(3) Respondent is not using the word as its corporate name but simply as a trade mark on a distinctive package plainly bearing the name of itself and its product, hence no question of similarity of names is involved here such as was presented recently to this court in the *Simplex* case (269 U. S. 372. See *Aunt Jemima Mills Co. v. Rigney & Co.* (C. C.

A. 2d) 247 Fed. 407, 410-12, and *Rosenberg Bros. v. Elliott* (C. C. A. 3d) 7 F (2d) 962, 963.

It is also true because, to put the proposition concretely, the existence of Beech-Nut Packing Co. and its use of "Beech-Nut" for its food products will not prevent the formation of a Beech-Nut Tobacco Co. and its use of "Beech-Nut" for tobacco products (*Simplex Case*, 269 U. S. 372, 380). In such cases equity will enjoin only "where the business transacted was similar to or the same as that of the complaining party and where the name or style or description under which the business was done was so similar to that used by the complaining party as to mislead" (*International Trust Co. v. International Loan & Trust Co.*, 153 Mass. 271, 279, citing *Leather Cloth Co. v. American Cloth Co.*, 4 DeG. J. & S. 137, and *Singer Mfg. Co. v. Loog*, 8 App. Cas. 15).

Thus in *Dunlop Pneumatic Tyre Co. v. Dunlop Motor Co.*, 24 R. P. C. 572, the House of Lords of England refused to restrain defendant from using "Dunlop" for tires where plaintiff had been using "Dunlop" for automobiles, because the court thought that "the objects of the two companies need not be identical in order to entitle the complainants to relief but there must be great similarity" and in that case they did not "think that the measure of similarity established is sufficient either in the names employed or in the objects of the trade sought to be carried on."

So in *Corning Glass Works v. Corning Cut Glass Co.*, 197 N. Y. 173, where the respective products were common and cut glass, the court denied relief because "the evidence shows that the manufacture of cut glass is a distinct business in which the plaintiff has not been and was not engaged. Between the two concerns there has been no competition, no rivalry, because each produces a distinct class of ware."

So in *Hub Dress Mfg. Co. v. Rothenberg*, 237 Mass. 281, where the parties made clearly different kinds of women's dresses out of different materials, the court refused an injunction saying the business of the parties was not the same and they were not in fact competitors and that "there could

be no unfair competition unless the plaintiff is in fact a rival for the trade which the defendants secure."

Other cases to the same effect are:

Borthwick v. The Evening Post (1888), L. R. 37 Ch. Div. 449 the House of Lords;

Scottish Union & National Insurance Co. v. Scottish National Insurance Co. Ltd. (1908) 26 R. P. 105;

Farmers Loan & T. Co. v. Farmers Loan & T. Co. of Kansas, 1 N. Y. Supp. at p. 47;

Investor Pub. Co. v. Dobinson (C. C.) 82 Fed. 56, 61;

Elgin Watch Co. v. Loveland (C. C.) 132 Fed. 41, 51;

Vassar College v. Loose-Wiles Co. (C. C.) 197 Fed. 982;

Borden's Ice Cream Co. v. Borden (C. C. A. 7th) 201 Fed. 510, 512;

British-American Tob. Co. v. British Am. Cigar Stores Co. (C. C. A. 2nd) 211 Fed. 933, 935;

Keystone Oil Co. v. Buzby (C. C. A. 7th) 219 Fed. 473, 476.

POINT IV.

There is no conflict of opinion between the Circuit Courts of Appeal: Alleged conflicting decisions of the Second, Third and Sixth Circuits and in England distinguished.

The cases relied upon by Petitioner as being in conflict with the decision in the instant case are the *Aunt Jemima Case* in the Second Circuit, the *Overland and Rolls Royce Cases* in the Third Circuit, the *Peninsular* and the *Vogue Cases* in the Sixth Circuit and the *Kodak Case* and *Walter v. Ashton* and some others in England.

The *Aunt Jemima Case* (C. C. A. 2d), 247 Fed. 407, merely held that the same mark could not be used by one concern for pancake flour and by another concern for pancake syrup because "syrup and flour are both food products and food products commonly used together" (p. 410). This holding was neither new nor extraordinary. It was a plain application of the principle of same "descriptive properties" to articles similar both by inherent likeness and associated use and had been anticipated many years by a similar holding as to coffee and cocoa (*Walter Baker Co. v. Harrison*, 32 App. D. C. 272). Surely there is nothing in this decision requiring a similar decision as to such unrelated products as foods and tobaccos. And that the *Aunt Jemima Case* is not in conflict with the decision in the instant case is further conclusively shown by the holding in the *Winchester Case* (C. C. A. 2d), 300 Fed. 776, that two different concerns might use the mark "Winchester" for shirts, in the *Washburn-Crosby Case* (C. C. A. 2d) 7 F (2d) 304, that the mark "Gold Medal" might be used by one concern for "straight" and by another concern for "prepared" flour, and the statement in the *National Motion Picture Case* (C. C. A. 2d), 266 Fed. 208, 211, that there must be a real present or prospective competition such as could not exist between an Ideal fountain pen and an Ideal hair brush, but did exist between a Keepclean toilet brush and a Staclean tooth brush.

In the *Peninsular Case* (C. C. A. 6th), 247 Fed. 658, the plaintiff had adopted as its general trade name the word "Penslar," printed in peculiar script with accompanying ornaments and had registered and used it for a line of drug store supplies, selling it so extensively that at the time of the suit the line included more than 175 articles selling to more than 3,500 drug stores, each of which stores had on its door or window the word "Penslar" in prominent lettering. But plaintiff had not registered or used the mark for cigars. Under these circumstances a partnership began attempting to sell cigars to these Penslar stores in a package bearing on it the word "Penslar" as a trade mark with the same

peculiar script and ornamentations as used by the plaintiff, and in addition this partnership represented that it was selling these cigars to these stores *as the agent of plaintiff*. Under these circumstances the court held (1) that the difference in commodities between the cigars and the drug store supplies prevented any trade mark infringement; (2) that it was unnecessary to enter into a discussion of the question whether relief could be afforded on the ground of unfair competition, because (3) the court deemed these partners impostors seeking to sell their goods by falsely representing them to be the goods of the plaintiff, thereby practicing a common law fraud. This process of reasoning is plainly stated in the opinion of the court and as a consequence the relief granted did not prohibit this partnership from using the mark "Penslar" for cigars, but simply from using it in a manner, namely, with the peculiar script and decoration and accompanied by the false representations, which led these drug stores to believe that the cigars were really put out by the plaintiff. The court said:

"We know of no principle which will forbid malicious destruction of this kind to a competitor and permit it to a stranger; indeed, it was assumed by all parties in the court below and in this court—and we do not doubt—that malicious damage by defendants to the good will of plaintiffs' business and to the good reputation of the plaintiffs' line of goods would be redressed by the law and would call for an injunction where the remedy at law was not adequate." (p. 661.)

Undoubtedly, therefore, the *Peninsular Case* is not one of either trade mark infringement or unfair competition within the accepted meaning of those terms, but of common law fraud proceeding on common law principles to prevent the malicious destruction of property by an impostor, a set of facts entirely absent in this case.

In the *Vogue Case* (C. C. A. 6th), 300 Fed. 509, re-hearing 6 F (2d) 875, plaintiff since 1892 had published a magazine

called "Vogue" with a "V" of large size and carrying in its prongs the figure of a woman, which device had come to be known as the "V-Girl." From the beginning this magazine had assumed to be an interpreter of and authority upon styles in women's wear, devoting a considerable share of its efforts to millinery, so that there was no doubt that "prior to 1912 the magazine had become the country over one of the dominating factors in the creation and promotion of styles" in millinery. In 1912 the Vogue Hat Co. began marketing anonymously hats for women having the word "Vogue" on the band across the interior of the crown with a large "V" which carried between its prongs the bust of a woman wearing a straw hat, a device the court regarded as so similar to the "V-Girl" that it said: "The defendant's appropriation of plaintiff's dress is not to be disputed." It was also proved that this had created a very common alternative impression "first that these hats were manufactured by the plaintiff, or, second, * * * that these hats were in some way vouched for or sponsored or approved by the plaintiff."

The crux of the Vogue Case, of course, was the intimate relation of the products, which is entirely absent in the case at bar and would not have existed in the Vogue Case had the magazine been a tobacco journal. Styles and patterns for ladies' hats having for years been sold through the pages of this magazine, the public naturally thought that ladies' hats bearing merely the deceptive imitation of the magazine's name were at least sponsored or approved by plaintiff. The court said: "Such an impression is obviously one that would be unavoidable" and made the situation "pregnant with peril to plaintiff." It therefore granted an injunction. But in the case at bar the complete difference of products and of packages, the latter bearing the different names of the manufacturers, supported by the universal trade custom, made such an impression unnatural and the result of such careless indifference that, as held in *Coats v. Merrick Thread Mfg. Co.*, 149 U. S. 562, the public

was charged with notice that the word "Beech-Nut" could be used by different concerns as a mark for food and tobacco products.

The *Rolls-Royce* and *Overland Cases* (4 F. (2d) 333 and 273 Fed. 674) were prior decisions of the same court that decided the instant case, and were regarded by that court, and they undoubtedly are, as in complete harmony with the decision in the instant case. Neither was a trade mark case; they were name cases, and characterized as such in the *Rosenberg Case* (7 F. (2d) 962, 963) where the court said that they are not

"on the law of trade mark infringement at all for each was tried and decided on the single issue of unfair competition and then not unfair competition in the sale of goods but in the unfair appropriation and use of a competitor's trade name * * *. Such an act is not an infringement of a trade mark but is a trespass of the same nature as is committed by one who applies another man's name to his own goods."

The question in the *Overland Case* was whether two different concerns could use "Overland" in its trade name, one for automobiles and the other for automobile tires. And the court held they could not because the products were too closely associated, saying:

"* * * in exact terms the two do not compete in these particular things, yet the fact remains that the *business of both is so connected with automobiles that the public*" etc. (p. 676).

"It will thus be seen that the business of both companies, *because they both concerned some phase of automobile activity, were interrelated*" (p. 676).

"Such being the fact, it follows that both the English and American authorities justify the court below in its action, *for in fact there was substantial and material competition between these parties*" (p. 677).

The question in the *Rolls-Royce* case was whether two different concerns could use the word "Rolls-Royce" in their trade names, one for radio tubes and the other for automobiles and aeroplanes. And the court held they could not because the products in their component parts were too closely associated, saying:

"It is true those companies made automobiles and aeroplanes and Wall sold radio tubes and no one could think when he bought a radio tube he was buying an automobile or an aeroplane. But that is not the test and gist of this case. Electricity is one of the vital elements in automobile and aeroplane construction and having built up a trade name and fame in two articles of which electrical appliances were all important factors, what would more naturally come to the mind of a man with a radio tube in his receiving set on which was the name Rolls-Royce, *with nothing else to indicate its origin*, than for him to suppose that the Rolls-Royce Company had extended its high grade of electric product to the new, electric-using radio art as well."

In *Walter v. Ashton*, L. R. (1902) 2 Ch.D. 282, plaintiff, the proprietor of the newspaper "The Times", had been in the habit of selling literary productions, such as "Encyclopedia Britannica" and "Century Dictionary" on monthly installments, announcing such sales by circulars typewritten on thin paper headed "The Times" in Old English letters, signed "Yours faithfully, The Manager" and enclosing for reply a pale green envelope addressed "The Manager, The Times, Printing House Square." Defendant advertised in the Daily Mail "The Times Cycle". "The only Bicycle that can be obtained on the Times System of monthly payments, forwarded on approval for 5s, all communications must be addressed to the manager." Circulars were also sent out by defendant, typewritten on thin paper headed "Times Cycles" in Old English, signed "Yours faithfully, The Manager" and enclosing a pale green reply envelope addressed "Times—Royal Arms—Cycles, The Times Cycle Department, 59-60

Chancery Lane"—"Times" and "Cycle" being in Old English. Neither the circular nor the advertisements gave the name of the defendant or told who the manager was or represented. On the windows of the office in Chancery Lane were "The Times" in Old English and beneath it "Cycles" in other type; outside the office was a man in livery with "Times" on his cap. And a clock with the hands pointing to five minutes past six, as in "The Times" newspaper, was stamped or painted in gold on most of the cycles.

Here again the common, not trademark, law was the basis of relief. The Court stated that it was common for a cycle and a newspaper to have the same name and so defendant had a right to call his cycles "The Times Cycles", to adopt the mark of a clock with hands pointing similarly to those of "The Times" and to advertise that payment would be according to "The Times System". But it restrained him from offering his goods in the *anonymous* manner above set out because he was an impostor falsely "holding out" to the public "The Times" as proprietor or partner in a way that, unless discontinued, would bring financial liability on it. It said:

"It is not part of the general business of a newspaper to carry on a cycle business and this is not a question arising between rivals in trade." * * * *"The case has to be considered apart from those cases turning on trade competition, infringement of rights, trade names, trade marks, or the ordinary passing off equity."*

"The real question I have to consider is whether by what he has done he has in fact held out the proprietors of The Times as either being principals or responsibly connected with him or partners with him in the sale of these cycles. I have come to the conclusion that he has; and I have further come to the conclusion that there is * * * a reasonable probability of The Times being exposed to litigation and possibly of being made responsible had they not taken the steps to disconnect their name from the advertisements and circulars issued by defendant."

In *Eastman Co. v. Kodak Co.*, 15 Rep. Pat. Cas. 105, the complainant for some years had made a specialty of cameras suitable for bicyclists and the appliances for affixing same to bicycles and had largely advertised these cameras as "Cycle Kodaks" or "Bicycle Kodaks". It also had a considerable trade in accessories for adapting bicycles to photographic purposes and had had a stall at a large bicycle show. The John Griffiths Cycle Company Ltd. had for some time been selling bicycles under the name "Dunlop" and "Aerial", when

"it suddenly, and so far as appears for no reason * * * adopted the word 'Kodak' as applied to its cycles and applied to have registered and obtained the registration of the word 'Kodak' * * * upon a statement which was clearly inaccurate * * * that the word 'Kodak' had never been used in any way in connection with cycles and that plaintiff company had never had any dealings in or connection with the cycle trade. The defendant company was not content with merely registering the trademark * * * it incorporated its co-defendant under the name of 'The Kodak Cycle Company, Ltd.', clearly a mere creature of its own with a nominal capital of £100."

On the facts an injunction was granted, the Court saying:

*"the evidence shows that as between the two trades, the bicycle trade and the camera trade, there is an intimate connection" so great "that in all probability * * * the plaintiff company may wish hereafter to manufacture and to sell cycles specially adapted to carry their kodaks."*

The writ of certiorari was improvidently granted in so far as based upon an alleged conflict with these decisions of the Circuit Courts of Appeal.

These cases have been discussed because it was upon the alleged conflict existing between them and the case at bar that the writ of certiorari was prayed. In view of the sharp

differences in the facts of each of them and of the entire harmony between the principles they announce and the decision in the instant case, as shown by a consideration of those cases, it is clear that the alleged conflict does not exist, and if the writ of certiorari was granted on this ground it was improvidently awarded.

Southern Power Co. v. North Carolina Public Service Co., 263 U. S. 509;

Layne & Bowler Corp. v. Western Well Works, 261 U. S. 387, 393;

Houston Oil Co. v. Goodrich, 245 U. S. 440.

In so far as these cases were based on the connection between the respective products, such as the syrup and flour in the *Aunt Jemima Case*, the millinery magazine and ladies hats in the *Vogue Case*, the electrical component parts in the *Rolls-Royce Case*, the bicycles and kodaks for bicycles in the *Kodak Case*, and the automobiles and tires in the *Overland Case*, both lower courts on an examination of all the facts held that there was no such connection between the products in this case so as to bring this case within the doctrine of "same descriptive properties"—a question of fact purely—from the nature of the products and the commercial customs and authoritative data concerning them. In so far as those cases involved unfair competition, in whatever sense that term may be used, whether in the sense of trade mark law or as covering a common law tort, such as illustrated by *Peninsular v. Levinson* and *Walter v. Ashton*, where the defendants were impostors, seeking to perpetrate a deliberate fraud, the courts below subjected the Respondent to that test, inquiring, as we have seen, whether "by unfair competition or in any other way" the Respondent "by unfair and fraudulent conduct" had injured the Petitioner in its business or reputation. This again was purely a question of fact and the courts unhesitatingly answered that they were satisfied the Respondent had not offended in any of these respects.

POINT V.**Petitioner is barred by laches, acquiescence and estoppel from obtaining any relief herein.**

The facts heretofore stated and now briefly to be summarized, disclose such delay on the part of the petitioner in bringing this suit and such entire acquiescence in and encouragement of the respondent's conduct herein complained of as completely to bar any right to relief herein. Neither of the courts below discussed this question in detail, placing their decision on other grounds, although the District Court referred to the respondent's contention in its opinion (V, p. 2665).

The respondent commenced its preparation for the manufacture and sale of Beech-Nut scrap tobacco in the autumn of 1914, and by the early part of 1915 had underway a vigorous advertising and sales campaign which resulted in the sale during that year of 7,364,214 pounds under the Beech-Nut mark (VI, p. 2968).

The petitioner first stated its objections to the use of the word "Beech-Nut" in a letter dated June 11, 1915 (VI, p. 2888) and a correspondence ensued which terminated in a very full letter dated September 15, 1915, from the respondent to the petitioner setting forth in detail a history of the respondent's ownership of the name Beech-Nut and stating the legal grounds on which it believed itself justified in continuing the use of that name on tobacco (VI, p. 2897). The respondent was at pains in this letter to give in minute detail the history of the use of Beech Nut on tobacco products. None of these statements has been challenged by the petitioner.

The contention made here (Brief, p. 256) that the statement in this letter that the Lorillard Company and its predecessor had continuously used the Weissinger Beech Nut mark since 1898 was untrue and misleading is a litigant's after-

thought. The contention rests entirely on the unsupported assertion of counsel for Petitioner. Although Petitioner's officers were present in court at the trial, no evidence was offered to support the assertion. On the contrary, when the deposition of Petitioner's vice-president, Mr. Barbour, was taken in this suit, in answer to the express question, he gave the War as the reason for the delay in bringing the suit, making no mention whatever of the alleged misrepresentation (I, pp. 797-8). Proof positive that Petitioner was not misled is the fact that he attempted to register "Beech-Nut for cigarettes, as we do not see how he could possibly under the authorities hope to register "Beech-Nut" for cigarettes if the facts prevented him from proceeding with this suit (See *Ex Parte Penn Tobacco Co.*, 144 O. G. 275, and *American Tobacco Co. v. Polacsek*, 170 Fed. 117, holding that use of a mark for one tobacco product gives title thereto for all.)

This letter was acknowledged by the petitioner on September 20, 1915 (VI, p. 2901) in a letter in which it said:

"Your letter is a very interesting one and before giving a definite reply to same, we desire to review the matter as presented by you so that we can give you an intelligent reply."

No further correspondence or other action took place for four years. During this time the respondent's sales grew from the 7,000,000 pound figure for 1915 to 27,602,606 pounds for 1919 (VI, p. 2970). The 1919 business amounted to retail sales of a value of \$14,650,865.63. This was nearly twice the money value of the entire volume of petitioner's business, which in 1919 amounted to \$8,979,586.35, a growth from 1915 of \$3,265,640.96, notwithstanding the fact that during that period the gum business of the petitioner, which is about 50% of its business, had been seriously curtailed owing to the difficulty of obtaining chicle during the war years (I, pp. 868-870).

In the spring of 1919, the respondent commenced preparation for manufacturing and offering to the public Beech-

Nut cigarettes, although it did not get into actual marketing operations until 1921 (V, pp. 2593, 2598). Its attention had been called in June, 1919, to the fact that the petitioner had ordered a small consignment of cigarettes from the American Tobacco Company and had made shipments to two jobbers in the locality of New York, *supra*, page 11.

On June 28, 1919, the respondent wrote the petitioner reminding it of the correspondence of four years earlier and insisting that the petitioner respect the respondent's right to the name Beech-Nut for tobacco products (VI, p. 2902). An interview ensued in which the petitioner protested against the proposed form of label which the respondent was then preparing for its cigarettes and as a result of which the respondent changed the slogan of the label to meet the petitioner's wishes. This was confirmed in a letter dated July 15, 1919, from the respondent to the petitioner (VI, p. 2907). A reply to this letter was written August 7, 1919, in which the petitioner said in respect of the proposed cigarette package of the respondent:

"In view of the splendid success of your Beech-Nut Scrap Tobacco, would it not be worth while to simulate your Beech-Nut scrap tobacco package in a wrapping for your cigarettes; in other words, use for your cigarettes a form of label which will immediately apprise the prospective purchaser that the cigarettes are made by the same company making the popular Beech-Nut tobacco, and tie up the advantage and publicity you had already gained through the merchandising of that product. Our thought in regard to the above is prompted by the procedure of the Patterson Co. in connection with their Lucky Strike Smoking Tobacco and Lucky Strike Cigarettes (VI, p. 2912).

The respondent replied to this suggestion on August 27, 1919, in which it pointed out that the Sun-Burst scrap tobacco design was not suitable for the cigarette package (VI, p. 2915).

It had been the respondent's belief as a result of these interviews and letters that the petitioner's abortive cigarette venture would be dropped, but in September, 1919, it observed a formal notice in the Official Gazette of the Patent Office that the petitioner had applied for the registration of Beech-Nut Cigarettes. Accordingly it wrote the petitioner on September 17, 1919 (VI, p. 2917) that it would be compelled to file a formal opposition opposing this registration.

On October 8, 1919, the petitioner replied that it proposed to press its application and charged that the respondent by adopting an oval trade-mark and a solid red color scheme for its cigarette package was adopting trade-mark property of the petitioner. No intimation was made, however, that the scrap tobacco package was objectionable and respondent's rights in the name Beech-Nut for that package were recognized and conceded (VI, p. 2920). The respondent replied to this on October 15, 1919 (VI, p. 2922) insisting that its ownership of Beech-Nut for tobacco products entitled it to proceed with the cigarette package, employing the wrapper appearing in the record at page 2708 of Vol. VI. The opposition of the respondent to the registration application of the petitioner was sustained by the Patent Examiner and on appeal this ruling was affirmed by the Assistant Commissioner of Patents (VI, pp. 2821-2833). No further appeal was taken.

This summary of the facts shows that in respect of the scrap tobacco package issue was clearly joined between the petitioner and the respondent and the legal principles stated in the respondent's letter of September 15, 1915. Thereafter no objection of any character whatsoever was made to the use of the Beech-Nut on scrap tobacco. The 1919 correspondence related only to cigarettes, the sale of which long since has disappeared from the market. It was six years after the September 15, 1915, letter before the bill of complaint was filed on June 17, 1921. During this period, without protest on the part of the petitioner, respondent's

business grew to the enormous volume already stated. By 1922, out of a total business throughout the country of 60,000,000 pounds of scrap tobacco the respondent was selling 30,000,000 pounds under its Beech-Nut Brand (V, p. 2635). By 1921 it had expended on Beech-Nut scrap tobacco alone \$64,691,954.61 (V, p. 2570). While this enormous business was being built up, the petitioner made no protest whatsoever. Indeed its own business was growing enormously during this period, reaching a total of \$12,109,573.68 for all its products in the year 1921 (I, p. 868).

In 1921, it asked a court of equity to kill this enormously valuable business by enjoining the use of the Beech-Nut name for scrap tobacco and to require the respondent to pay over to it all the profits which had been made during these six years, notwithstanding the fact that it had silently watched the respondent push its brand until it outsold all the petitioner's products combined; notwithstanding the fact that during this period it referred any misdirected orders which came to it in the mails to the respondent (I, pp. 794, 795); notwithstanding the fact that from time to time it replied to letters received from the trade informing its correspondent that respondent was the maker of Beech-Nut tobacco; notwithstanding the fact that in its last letter of October 8th, 1919, it clearly admitted that the respondent had already acquired rights in the name of Beech-Nut for the scrap tobacco (Appendix B, p. 136), notwithstanding the fact that in its letter of August 7, 1919, it encouraged the respondent to apply the Beech-Nut scrap wrapper to the cigarette package in order to tie up "the advantage and publicity you have already gained through the merchandising" of the scrap tobacco product (Appendix B, p. 128).

It needs no citation of authority to show that under circumstances such as these the plaintiff is not entitled to relief at the hands of a court of equity. In *United Drug Co. v. Rectanus*, 248 U. S. 90, 102, this court said that the cases

holding that laches and acquiescence will not ordinarily bar injunctive relief find their "appropriate application in cases of conscious infringement or fraudulent imitation" and so they are not applicable here where Respondent was proceeding under a bona fide claim of right which has been sustained by both of the lower courts.

The principle involved was forcibly stated by the late Judge Mayer in *Valvoline Oil Co. v. Havoline Oil Co.*, 211 Fed. 189, as follows:

"But it cannot be equitable for a well-informer merchant with a knowledge of a claimed invasion of right to wait to see how successful his competitor will be and then destroy, with the aid of a court decree, much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trade-mark infringement is a genuinely debatably question."

Likewise squarely in point is *Pflugh v. Eagle White Lead Company*, 185 Fed. 769, 772, in which the Third Circuit Court of Appeals said:

"We are not unmindful of *Menendez v. Holt*, 128 U. S. 524, 9 Sup. Ct. 143, 32 L. Ed. 526, and other cases cited in the opinion below, that mere failure to enforce trade-mark rights will not preclude injunctive relief when it is sought. But those were cases where, as said in *Menendez v. Holt*, supra, there was nothing 'in the nature of an estoppel, nothing which rendered it inequitable to arrest at this stage any further invasion of complainant's rights.' In this case there is. The complainant notified the respondents of its alleged rights; the respondents positively asserted their adverse rights; the complainant acquiesced in the respondents building up their trade under their label for 8 years without further objection; then complainant notified again and again, but respondents stood their ground and continued for 6 years more to build up their adverse trade-mark rights before the complainant again broke its silence by asserting an exclusive right by filing this bill.

Under such facts it would, in our judgment, be inequitable to arrest at this stage the respondents' trade, and therefore the decree of the court below must be reversed with costs.

The case of *Carroll v. McIlvaine* (C. C. A.), 183 Fed. 22, decided since the preparation of this opinion, is in line with the conclusion above stated."

In accord are:

Window Glass Company v. Pittsburg Co., 284 Fed. 685 (3rd C. C. A.);

Old Lexington Club Co. v. Kentucky Company, 234 Fed. 464, 468;

Col. W. F. Cody Co. v. Colonial Co., 284 Fed. 873;
Carroll v. McIlvaine, 183 Fed. 22.

POINT VI.

Petitioner has failed to establish any damage and is entitled neither to an injunction nor to an accounting.

The testimony in this case heretofore summarized shows that the only members of the public who received the impression that respondent's products were an addition to the petitioner's line, were careless observers who did not examine the articles they were purchasing or who did not read the advertising matter describing the respondent's product. The respondent is not obliged at its peril so to dress its article or so to word its advertising as to prevent the possibility of confusion in the minds of the careless public. It has discharged its duty so far as the petitioner is concerned when it has brought home to the ordinarily attentive purchaser the true source of the articles manufactured. The petitioner therefore has failed in this record to establish such confusion on the part of the public as to entitle it to an injunction in a court of equity.

Furthermore, such confusion as did exist in the minds of the public was not shown to have resulted in injury to the petitioner's business nor did it imperil petitioner's reputation.

The argument has been made in both courts below that the respondent's scrap tobacco is a cheap and inferior product and that the respondent's cigarettes were of an inferior quality and that the public so believed and that therefore the petitioner's reputation for putting out a line of food products of the highest quality has been impaired.

The substantial element in the case, of course, is the scrap tobacco, now selling at the rate of about thirty million pounds per year. This alone should be sufficient answer to the contention that the article is inferior. It is enough that the public likes it, that it now forms approximately 50% of the annual country-wide business in this article, and that it has grown to this enormous volume in the short space of about ten years. Nor is any discussion appropriate here as to the relative dignity and integral merit of a 10¢ package of scrap tobacco and a 5¢ package of chewing gum or bar candy.

The testimony showed that the respondent's Beech-Nut tobacco was formulated after an extensive study on the part of respondent's experts as to the tastes of the consuming public and the possibilities of blending various kinds of tobacco. These experiments were highly successful, resulted in the production of an unusually sweet blend, with a consequent wide-spread public approbation. In these facts there is clearly no evidence of inferiority of product likely to result in injury to the petitioner. Indeed, the argument might just as well be made, if it were pertinent here, that respondent's product now selling in twice the volume of all of petitioner's food products combined, has by its good reputation enhanced the reputation which petitioner has established.

So far as the cigarette package is concerned, the facts heretofore stated have shown that when this cigarette was put on the market in 1921 and sold at the rate of 20 for 15¢,

it was designed to compete with the better known medium priced cigarettes, especially Lucky Strikes, Sweet Caporals and Camels, which were then selling for 20 for 20¢. The respondent endeavored to present to the public a cigarette equal in quality to those well-known brands but more attractive in price. Unfortunately the time was not an appropriate one, a bitter cigarette price war ensued and the better known brands were soon selling for 15¢ and occasionally as low as two packages for a quarter. Although for a time good progress was made, respondent's Beech-Nut cigarettes were not able to stand the competition of the older and more widely known varieties, sales fell off and in a short time the cigarette business was negligible. It must be apparent that this was due to two causes; first, the impossibility of competing in a price war with brands as well-known as those of the respondent's competitors; and, second, to the failure on the part of those responsible for preparing the recipe used in the manufacturing of Beech-Nut cigarettes correctly to guess the taste of the consuming public. Obviously, varieties and taste and preferment resulting therefrom are never an index to inferior or superior quality where a product like tobacco is concerned. Varieties of cigarettes come and go, and even the most successful disappear from time to time for reasons which are wholly unexplainable except because of a change in the taste of the consumers. This has happened repeatedly although there has been no change whatever in the formula used.

The petitioner endeavored to establish the inferiority of Beech-Nut cigarettes by presenting witnesses who testified that they were disappointed because a cigarette so widely advertised did not equal in quality Pall Malls or Philip Morris. These are well-known brands made from pure Turkish tobacco and selling at 10 or 15 for 25¢. Obviously they were not in the same competitive field as Beech-Nut, Lucky Strikes, Fatimas and other well-known middle priced varieties.

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The essential element necessary to entitle the petitioner to an injunction, namely, the danger to the petitioner's reputation due to the inferior quality of the respondent's product was not made out and no injury from this source possibly could have resulted to the petitioner.

Furthermore, the evidence as to the petitioner's growth of business appearing at page 868 of Vol. I of the Record shows a steady growth which was maintained as steadily after the respondent came into the field with its scrap tobacco as had been the case before.

This Court has pointed out that where danger to reputation exists acquiescence of long standing on the part of the injured party will bar it from the right to an accounting for profits.

McLean v. Fleming, 96 U. S. 245, 258.

If this Court should hold, notwithstanding the finding of both courts below, and the overwhelming weight of the testimony that confusion does exist in the public mind, that the petitioner's good reputation is in peril by reason of such confusion, and that the laches of which the petitioner has been guilty are not such as to deprive it of its right to an injunction, nevertheless the delay in asserting its rights and the acquiescence which it has manifested in the enormous growth of the respondent's business will prevent it from obtaining an accounting for profits as sought by the bill. This contention need not be elaborated. The facts already have been stated which show that from the termination of the correspondence in 1915, at which time the issue was clearly drawn between the parties to the suit, nothing was done by way of protest by the petitioner in respect of the scrap tobacco until this bill was filed in 1921, and that it was during this period that the respondent's business grew from nothing to thirty million pounds a year. A plaintiff in equity, who has stood by and watched enormous profits accumulate in this manner is

not entitled at the end of so long a time to ask a court of equity to compel the defendant to transfer those profits to it.

It is also well settled that where actual damage can be shown, and where acquiescence sufficient to bar a recovery of profits has not been made out, nevertheless where it is impossible as a practical matter to allocate the profits between that part of the infringer's business which is directly attributable to the use of the trade-mark owner's rights and good-will in contra-distinction to that part of the profits attributable to the infringer's own good reputation, no accounting will be decreed.

Rushmore v. Badger Bros. Manufacturing Co., 198 Fed. 379, 381;

Ludington v. Leonard, 127 Fed. 155.

Giving the petitioner's case its most favorable aspect, it would be impossible to determine what profits the respondent has made which are attributable to its own good name, sales force, advertising efforts and essential quality of its product, and those which are attributable to the alleged periodical use of the petitioner's mark and good-will. Under such circumstances even if an injunction be authorized, no accounting would be decreed.

Furthermore, no basis for claiming profits in an accounting is made out unless the plaintiff shows that it has lost the sales out of which the profits it seeks to recoup were made.

Even in the case of *Vogue Co. v. Thompson* (C. C. A. 6th) 300 Fed. 509, notwithstanding the Court granted an injunction because of the deliberate fraud attempted on the basis of the intimate connection between the millinery magazine and the ladies hats, making the latter sell on the reputation of the former, it refused to award damages or an accounting of profits because it found

"no satisfactory basis for an accounting against either the manufacturer or the retailer for profits or damages. The case is peculiarly one where such damage as has

occurred, like that which is still in prospect, is incapable of computation * * * Those cases in which plaintiff in such a suit has been awarded all the profits which defendant received from the sale of the articles wrongfully trade-marked, have been cases in which by the theory of the law, the plaintiff had lost the sales" (pp. 512-3).

And this holding was followed in *Rosenberg Bros. v. Elliott* (C. C. A. 3rd) 7 F (2d) 962, 967, where the respective products were men's hats and suits.

There has been a complete failure on the part of the petitioner to establish any damage as a result of the acts of the respondent charged in the bill. As has been mentioned, petitioner's business has grown enormously. After combing the country for two years for witnesses, the petitioner was able to muster a very few biased anti-tobaccoists who testified that they would not have anything to do with the petitioner's hams and bacons if the petitioner entered the tobacco field, and that they had refused to buy petitioner's products while they had been under the mistaken impression that the scrap tobacco was made by the Beech-Nut Packing Company. But on cross-examination each of these witnesses conceded that his impression had been based upon a failure carefully to examine the respondent's package or its advertising, that had such examination been made no confusion would have resulted, and no prejudiced attitude toward the petitioner would have followed. Here again the legal doctrine becomes important that the respondent need not so operate as to protect the petitioner against possible confusion in the minds of careless purchasers. The petitioner has not shown by any testimony an actual falling off of sales in any part of the United States and its evidence of alleged damage consists wholly in the testimony of these inattentive purchasers. No actual damage from this source has been shown.

In summary, the petitioner has failed to show any possibility of danger to its reputation through the alleged inferiority of respondent's product, any actual damage to itself re-

sulting from the respondent's use of the Beech-Nut name, and it has by its inequitable acquiescence deprived itself of any right to claim profits from the respondent's operation.

POINT VII.

There was no abandonment by the respondent of the Beech-Nut Mark.

The petitioner has argued that the record discloses an abandonment by the respondent of its right in the Beech-Nut trade mark which prevented it from introducing the present type of label and package, first designed in 1914 and actually offered to the market in early 1915. The District Court found that there was no abandonment; the Circuit Court of Appeals did not consider the question. The respondent contends that there was no abandonment, and that even if there were, the field was still open in 1914-1915 to the respondent to adopt the Beech-Nut name for its tobacco products.

It is thoroughly well settled that abandonment does not occur unless an actual intent to abandon is established; that the burden of proving such intent is upon the party who affirms it; that such proof must be of the strongest character in view of the fact that abandonment is a forfeiture of property, which equity will be loath to recognize; and that mere non-user is not sufficient without proof of intent.

This was very clearly stated and illustrated in the leading English case of *Mouson & Co. v. Boehm*, L. R. 26 Ch. D. 398, where the Court said:

"Now on the question of abandonment, it appears to me that intention to abandon must be shown. There are some analogous cases in law such as the case of an easement. Mere non-user of an easement, like a right to fowl a stream, would not be sufficient to prove an intention to abandon."

The doctrine of this English decision has been adopted by this Court as the law on this subject.

In *Saxlehner v. Eisner*, 179 U. S. 19, 31, this Court said:

"To establish the defense of abandonment it is necessary to show not only acts indicating a practical abandonment but an actual intent to abandon. Acts which unexplained would be sufficient to establish an abandonment may be answered by showing that there never was an intention to give up and relinquish the right claimed." Citing with approval, *Mouson & Co. v. Boehm*, *supra*.

And in *Baglin v. Cusenier Co.*, 221 U. S. 580, 597-8, this Court repeated:

"But the loss of the right of property in trade marks upon the ground of abandonment is not to be viewed as a penalty either for non-user or for the creation and use of new devices. There must be found an *intent* to abandon or the property is not lost." (Court's italics.)

The same rule is stated in *Brown on Trademarks*, Section 681 and in *Hopkins on Trademarks* (Third edition) p. 213. In each of these texts emphasis is laid upon the fact that the owner of a trademark may lay aside his mark temporarily and resume it thereafter without losing his property right and any lapse of time during which no actual use has occurred will be viewed as a mere temporary suspension of use unless an actual intent to abandon is clearly proved. Hopkins refers to cases in which defendants have been restrained from using marks that have been in disuse for periods ranging from one year to twenty years, and in each case the vital question is whether the owner of the mark intended to abandon it.

A decision of the Supreme Court of Massachusetts, *Burt v. Tucker*, 178 Mass. 493, is strong authority for the foregoing contention that non-user without any intent to abandon does not destroy one's property right in a trademark. In that case the manufacturer had used "Knickerbocker" in connection

with "school" as a trademark for shoes made by him in Massachusetts. His factory burned down, and thereafter for four years he was out of business for himself, in the employ of others as a salesman in other states and did not use the trademark at all. Then he again began business for himself in Philadelphia under the title "Knickerbocker Shoe Co.," using the trademark "Knickerbocker" on his packages with a label similar to, but not identical with, the one he had formerly used. He testified that he had never intended to abandon and had resumed at the first opportunity. The Court (Mr. Justice Holmes writing the opinion) held that the trial judge was warranted in finding that the manufacturer had made "Knickerbocker" a trademark, that he had not abandoned it, and that his present use was within the scope of the original acquisition.

In the present case the record clearly establishes that actual sales of scrap tobacco under the Beech-Nut mark were made in each of the years 1897 to 1910. During the years 1911-1914 the respondent stood equipped in all respects and ready and willing to fill any orders received (IV, pp. 2259, 2305; V, p. 2636). The sale of 25 pounds in 1910, a transaction wholly without profit stands as conspicuous proof of the respondent's intention to fill all orders received.

The mark was included by name in the list of brands delivered to the respondents in December, 1911, as a part of its assets under the decree of the Federal Court pursuant to the American Tobacco Company's dissolution (VI, p. 2945). In this circumstance, there is very clear evidence of no intention to abandon.

In the years 1912-1913 the mark lay dormant in the list in the respondent's file, but during those years this list was kept available for occasional reference and was used from time to time to supply names for new blends which the respondent proposed to introduce. It was at all times regarded as a list of marks from which selections might be made. All of the names in that list were regarded as property of the respondent which it might see fit to use at any time.

In 1914 preparations were commenced for introducing the new blend of sweet scrap tobacco which came on the market a year later as "Beech-Nut." The actual work in 1914 consisted of revamping the package, preparing the Sun-Burst design, and selecting the Beech-Nut name from the list in the respondent's files. Early in 1915 actual efforts were commenced to introduce the product to the market.

It is too clear for argument on this record that not only is there complete lack of evidence of any intent to abandon, but that, on the contrary, the respondent's conduct discloses an affirmative intention to retain the brand, and an early expression of that intention in its selection in 1914 of the name from the list in its possession. In only two years, 1912, 1913, was there lacking some positive, definite, overt act giving expression to this affirmative intention. It follows that the District Court was right in finding "that in the Fall of 1914 there had been no abandonment of 'Beechnut' on the part of the defendant" (V, p. 2672).

The fact that there was a change in the blend of tobacco at the time Beech-Nut was resumed in 1915 is not evidence of abandonment. Indeed, the alteration of the blend to meet the changed taste of the consumer, coupled with the use of the old mark, indicates a clear intention to preserve the old mark, and is stronger evidence of such intention than would be the case if the tobacco recipe had not been changed. The Court of Appeals of the District of Columbia has said in *Royal Milling Co. v. J. F. Imbs Milling Co.*, 44 App. D. C. 207:

"The trade mark is not to be vitiated by change in the species of wheat used any more than it would be vitiated by an important change of process in the making of flour."

To the same effect are:

W. A. Gaines & Co. v. Rock Springs Co., 246 U. S. 312;

Ball & Gunning Milling Co. v. Mammoth Spring Milling Co., 48 App. D. C. 243 (1918) ;
White v. Miller, 50 Fed. 277.

The finding of the District Court that the change in formula did not work an abandonment is supported therefore both on principle and on authority.

The change in the dress of the package so as to modernize its appearance was not evidence of abandonment. Such modernizing changes frequently occur in current advertising and as long as the essential element in the name remains, the trade mark has not been changed. This Court has said in *Baglin v. Cusenier Co.*, *supra*, that abandonment is not to be viewed as a penalty for the "creation and use of new devices."

In *Hier v. Abrahams*, 82 N. Y. 519, 525, the Court said:

"But where the trade mark consists of a word it may be used by the manufacturer who has appropriated it in any style or print or form of label and its use by another in any form is unlawful * * *. The trade mark consisted in the word simply and the plaintiffs might have printed it on any form of label they might fancy without losing the protection of the law."

Abandonment must be predicated upon the features discarded, not the features retained, whenever an alteration in the appearance of a trademark has taken place. So long as the distinctive feature of the mark is preserved in the new device, there has been no abandonment of that distinctive feature, and hence no abandonment of the mark. In *Hopkins on Trade-Marks* (3 ed.), page 214, this principle is stated as follows:

"the adoption of a new label or brand is, of course, an abandonment of all the distinctive features of the old label or brand *not preserved in the new one.*"

In the present case, the retention of the distinctive name "Beech-Nut" makes it impossible to predicate an abandon-

ment upon the change in the appearance of the package. In accordance with this principle, the District Court correctly found that the modernizing of the label and the change in the decorative feature of the package was not evidence of abandonment, and that to hold to the contrary would be unreasonable because it would prevent the rightful owner of an established trade name from redecorating or reornamenting his package in order to make it better adapted for his commercial needs.

But if the petitioner sustains its contention that the record shows abandonment by the respondent, its right to enjoin the use of the name will not be enlarged. The only legal effect of establishing abandonment is, in so far as the prior user is concerned, that others now are at liberty to apply the mark to the same articles to which that prior user had been applying it. In this case, that would mean only that the petitioner might have entered the tobacco field in 1915 and used the "Beech-Nut" name. It did not do anything of the kind. It adhered strictly to the food business, adding to its line during the period of alleged abandonment Olive Oil, Chewing Gum, Condiment Sauce, Sardines, Mustard, Guava Jelly and Mint Tablet—all food products and all sold under its slogan "Foods of Finest Flavor" (I, p. 810). In this conduct there was but a continuation of the same use for food products which the petitioner had been making of this mark for so many years side by side with the use by the respondent and its predecessors of the "Beech-Nut" name for tobacco products.

It follows therefore that the respondent had a complete right to resume selling tobacco products under the "Beech-Nut" name in 1915, whether or not any abandonment had occurred. So long as no rights of others have intervened, a former owner may, of course, resume his mark after abandonment.

CONCLUSION.

It is respectfully submitted that the decree below should be affirmed.

Respectfully submitted,

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